CANADIAN HOUSING OBSERVER
2006

With a special feature on 60 years of housing progress in Canada

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A Message from Karen Kinsley, President of Canada Mortgage and Housing Corporation

It is my pleasure to present the 2006 edition of the *Canadian Housing Observer*. Now in its fourth year of publication, the *Observer* is a flagship CMHC publication that presents a detailed annual review of housing conditions and trends in Canada and the key factors behind them.

The analysis presented in the *Observer*, coupled with the extensive on-line data resources, provides Canada's housing sector with an indispensable tool for identifying, monitoring and addressing housing trends and issues. It is an ideal resource for housing planners and policy makers; housing researchers, educators and students; home builders; housing finance and real estate professionals; and municipal, provincial, and federal housing specialists.

Highlights from the 2006 Canadian Housing Observer

The housing sector made a significant contribution to the Canadian economy in 2005. Strong employment growth, rising incomes and low mortgage rates continued to fuel housing demand, contributing to high levels of new construction, resales, renovation and mortgage lending activity. In addition to providing updates on housing market trends, the *2006 Observer* takes a closer look at how key housing outcomes vary for different income groups and how the aging of the population is shaping housing demand.

With more than 80 per cent of Canadians now living in urban centres, Canada is one of the most urbanized countries in the world. Faced with the challenge of accommodating growth in a sustainable way, there are an increasing number of examples of how local communities are intensifying and renewing existing neighbourhoods, through infill development, adaptive reuse and conversion, redevelopment of brownfields, and secondary suites. The *2006 Observer* profiles this important emerging trend.

Marking CMHC's 60th anniversary, the *2006 Observer* includes a special feature on ***60 years of housing progress in Canada***. This article traces how Canadians' housing needs have evolved over the past six decades and some of the notable achievements that have been recorded along the way. Clearly, significant progress has been made in improving housing conditions for Canadians over this period. While we are among the best housed peoples in the world, there is still work to be done to ensure that all Canadians have a safe, affordable place to call home. The *2006 Observer* notes some of the key areas of challenge which lie ahead.

Expanded On-line Housing Data Resources Now Available

The release of the *2006 Canadian Housing Observer* heralds the launch of a significant new resource for those interested in monitoring and analyzing housing conditions in Canada. This year, the *Observer* is accompanied by a substantial expansion of the on-line housing data resources available through CMHC's website. These include an expanded series of housing data tables as well as the new *Housing in Canada Online (HiCO)*, an innovative and interactive tool for building custom tables and analyzing data on housing conditions, including core housing need.

Providing detailed coverage of local housing markets and of the housing conditions experienced by households across Canada, these data and information resources are made available free of charge to those who wish to conduct their own investigations of housing trends and conditions, to supplement the analysis provided in the *Observer* report.

Sixty years ago, CMHC opened its doors as Canada's national housing agency, to welcome home soldiers returning from World War II. Since that time, we have helped hundreds of thousands of Canadians access decent, affordable housing through a host of programs, policies and initiatives. Through the decades we have evolved and adapted to meet changing needs. But while our product and service offering has changed over the years, we have never lost sight of our fundamental purpose—to promote housing quality, affordability and choice for Canadians.

From the beginning, CMHC has recognized that making available reliable and timely information on housing trends and conditions is instrumental in supporting informed decision making that leads to improvements in housing for Canadians. The 2006 edition of the *Canadian Housing Observer* continues in this proud tradition. I am confident that you will find it informative and useful.

Karen Kinsley
President, CMHC

For more information

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Strong employment growth, rising incomes and low mortgage rates continued to fuel housing demand in 2005 as they have throughout the last decade.

- The rising income levels over that period have, however, masked a widening of real income differentials between those at the top and bottom of the income scale, and between owners and renters. Soaring house prices in recent years will have also widened the gap between the net worth of these groups.

- The strength in housing construction in recent years has occurred in spite of a slowing in population growth and an aging of the population.

- Over the past 15 years, the population aged 65 and over grew at over twice the rate of the population as a whole. It will grow at over five times the general population rate over the next 25 years, with its share almost doubling to 23 per cent. By 2031, a quarter of home sales will be to those aged 55 or over, an age group which tends to choose smaller homes. This figure could be even higher if there is some diminishing of the tendency of older Canadians to stay in their existing homes.

- Aboriginal people are another fast growing group. Their recorded growth between 1996 and 2001 was 22 per cent (half of which was due to increased awareness of Aboriginal roots and more complete enumeration on reserves).

- Housing conditions of Aboriginal households continue to lag those of other Canadians, reflecting substantial although narrowing gaps in economic circumstances. In 2001, only 45 per cent of all Aboriginal households owned their homes compared to 67 per cent of non-Aboriginals.

- With population growth slowing, and immigration typically in excess of 200,000, net international migration now accounts for approximately two-thirds of population growth in Canada. As of 2001, immigrants made up about a quarter of the population of Canada's metropolitan areas. In all urban areas, recent immigrant households had lower median incomes, were less likely to own homes, and typically lived in smaller dwellings. As a whole, they spent 31 per cent of their before-tax incomes on shelter compared to 21 per cent for non-immigrants.

- Nearly 60 per cent of new immigrants interviewed under the Longitudinal Survey of Immigrants to Canada said that they "plan to buy a home in the next few years". Of those renting, while almost a half lived in affordable accommodation or had savings equivalent to more than a year's rent payments, nearly one quarter were paying more than half their family income on rent and had savings of less than three months rent. Almost one quarter were experiencing overcrowding.

Current market developments

- The housing market remained strong in 2005. Although housing starts fell short of 2004's 17-year high, it was the fourth consecutive year in which starts exceeded 200,000. The 225,000 starts were in fact the second highest level in the last 18 years. The strength was concentrated in multi-family housing starts, which reached a 19-year high at 105,000 units. Construction employment grew by almost 70,000 jobs (7.1 per cent) in 2005 and accounted for about 30 per cent of total employment growth in Canada.

- Existing home sales reached a fifth consecutive record high in 2005 while the strong sellers' market pushed the average price up by more than ten per cent. MLS® sales increased by almost 5 per cent to just over 483,000 units in 2005, buoyed by increases of over 10 per cent in Alberta and British Columbia. The average price of a single detached new home in Canada also increased by over 10 per cent, partly due to rising land costs.

- Renovation spending set a new high in 2005, at $40 billion, as a result of steady income gains, low mortgage rates and record sales of existing homes in recent years (households tend to renovate within three years of the purchase of an existing home).

- The rental market stabilized in 2005 with most major centres recording only modest changes in average rents and vacancy rates. Overall, across Canada's 28 major urban centres, the average rent for two-bedroom apartments increased by 1.6 per cent in the twelve months to October 2005, and the average rental apartment vacancy rate was unchanged at 2.7 per cent. Vacancy rates were higher in 15 metropolitan areas, lower in 12, with no change in one market.

- Rental completions across major centres were up marginally for the twelve months to September 2005, and condominium completions rose close to 30 per cent to almost 49,000 units. Since condominiums compete with rental units, providing a relatively inexpensive form of housing, and are also often bought by investors to rent out, their strength contributes to upward pressure on vacancy rates.

Housing finance

- Total mortgage credit outstanding in 2005 was up just over 10 per cent from the previous year. The key drivers were increases in property values, record levels of existing home sales, and high levels of housing starts. The dollar value of approvals for National Housing Act (NHA) mortgages increased by 13 per cent, and that of conventional mortgage approvals by 9 per cent.

- The ratio of average mortgage debt to average aggregate after-tax income reached 80 per cent in 2005, up from 76 per cent the previous year. Despite this increase, the ratio of mortgage debt service to income levels, at 31 per cent, remains relatively low by historical standards.

- Mortgage rates, on average, were lower in 2005, but they began to rise in the fall. The five year fixed mortgage rate averaged 6.0 per cent. The low interest rates pushed the rate of mortgage arrears down to its lowest level since 1990, with only about one in 400 households falling three or more months behind in their mortgage payments.

- Based on a CMHC survey in 2005, nearly a fifth of those who acquired, renewed or refinanced a mortgage in the previous twelve months were refinancing to access some of the equity in their homes. Loyalty to financial institutions was high among clients, with 87 per cent of renewers, 83 per cent of refinancers, and 62 per cent of first-time buyers staying with their current institution. There was, however, an increased tendency for those renewing to negotiate the rate rather than accept the lender's initial offer. Close to three quarters of homebuyers got mortgage pre-approvals.

- Adjustable rate and fixed spread floating rate Mortgage Backed Securities (MBS) were introduced in 2005. Despite the contributions from these innovations, growth in overall MBS outstanding slowed, suggesting that the MBS market, as the second largest funding source, with $100 billion outstanding, is beginning to mature.

- To provide greater flexibility to mortgage providers and homebuyers, the federal government has sought views on its proposal to raise the loan-to-value ratio at which

consumers would be required to purchase mortgage insurance from 75 to 80 per cent. This proposal, which will reduce the market for mortgage insurance at the margin, forms part of the government's periodic review of financial institutions statutes.

In your neighbourhood: intensifying and renewing existing neighbourhoods

- More than 80 per cent of Canadians live in urban centres, making Canada one of the most urbanized countries in the world.
- Since the mid-1940s, most development has occurred at the edge of urban areas in less compact forms on "greenfield" lands such as farms and forests. The result has been decreased urban density. Typically, new developments are separated from commercial, civic and employment areas. This type of development pattern has led to inefficient use of municipal infrastructure, loss of farmland and natural spaces, car dependence, traffic congestion and poor air quality. Intensification, through creating new homes in existing neighbourhoods, can minimise these impacts.
- Intensification projects often face additional costs (e.g., special architectural features, clean up of contamination, road closures, and delays caused by public input and regulatory approvals), but municipalities can assist in various ways while still realizing a net gain in revenues. Despite higher costs, intensification can be profitable to developers because inner city locations can bring fast sales and higher selling prices.
- Local concerns about infill developments are frequently a challenge, but one which can be addressed by early public consultation including design charrettes and mediation.
- There are examples of residential developers who have actively supported reduced car use through providing less parking for developments near transportation nodes, and instead offering extensive bike parking facilities or arrangements with a car sharing company for residents not using a parking space.
- The strong market demand for infill accommodation is making both developers and municipalities more creative in adding dwellings in existing residential areas, making intensification a growing phenomenon across Canada.

Housing outcomes by income group

- While the housing needs of individual households are shaped by demographic and social factors, such as household size and composition, housing consumption patterns, referred to here as "housing outcomes", are strongly influenced by a household's ability to pay for housing.
- An examination of household characteristics by income quintile, using data from the 2001 Census, reveals that the lower the income, the higher the proportion of one person households, lone parent households and seniors, and the lower the proportion of couples with children. Comparing the highest income group (households with incomes over $85,000) with the lowest (households with incomes up to almost $20,000), the proportion of single person households rises from four per cent to 62 per cent, that of lone parent households from four to 14 per cent, and that of seniors from eight to 33 per cent, while the proportion of couples with children declines from 59 to nine per cent.
- The proportion of households owning their home varies directly with income. Within the lowest income group, only 37 per cent are owners, compared with 90 per cent in the highest income group. For those that do own, the average value of the dwelling varies from $118,000 in the lowest income group to $227,000 in the highest.
- The lower a household's income, the older and smaller its dwelling is likely to be, and it is more likely to be an apartment than a single-detached home.
- While shelter costs vary directly with income, the proportion of income spent on shelter is significantly higher for households in the bottom income group where about 60 per cent of households were in core housing need.

- These households in core housing need paid on average close to half their monthly income on shelter, leaving only around $550 per month for all other expenses, whereas the average household in the lowest income quintile spent over $900 per month on non-shelter expenses. This clearly limits the ability of low-income households in core need to fully participate in the social and economic life of communities.

60 years of housing progress in Canada

- The year 2006 is the 60th anniversary of the founding of CMHC. To mark this milestone, this edition of the *Observer* takes a journey through the past six decades of housing progress in Canada, looking at key developments and initiatives, and the achievements over that period.

- What emerges from the review is that each era has had its own unique challenges and opportunities, calling for distinct responses from government and the industry.

- In the early years, the primary challenge was meeting the housing backlog left after the war. In the years since then challenges have been met and opportunities have been pursued across the whole spectrum of housing. Over that time, CMHC, in partnership with the industry and other players has fostered, among other things, access to homeownership, efficient mortgage markets, design and technological innovation, revitalization of cities, the supply of affordable housing and housing for those in need, housing choice, healthy housing development and housing export development.

- The sum of the housing achievements over this period is that Canadians are widely acknowledged to be among the best housed in the world.

- There are challenges still to be met, and new ones will emerge as they have in the past. Challenges that are evident at this time include reducing further the numbers in housing need, and closing the gap between Aboriginal housing conditions and those of other Canadians. An ongoing challenge is to ensure that Canadian housing finance markets continue to provide an adequate supply of funds at the lowest possible cost in the face of continuing transformation in world capital markets. Emerging challenges include regenerating the social housing stock and addressing the housing needs of a rapidly aging population.

DEMOGRAPHIC AND SOCIO-ECONOMIC

Influences on Housing Demand

Over the past decade, housing demand benefited from a strong labour market, rising incomes and wealth, and low mortgage rates. Housing construction increased dramatically despite slow population growth and continued aging of the population.[1]

In coming decades, even substantial increases in immigration would not prevent further aging of the population. Aging Canadians and newcomers to Canada will both play important roles in shaping future housing demands.

Housing demand bolstered by strong labour market

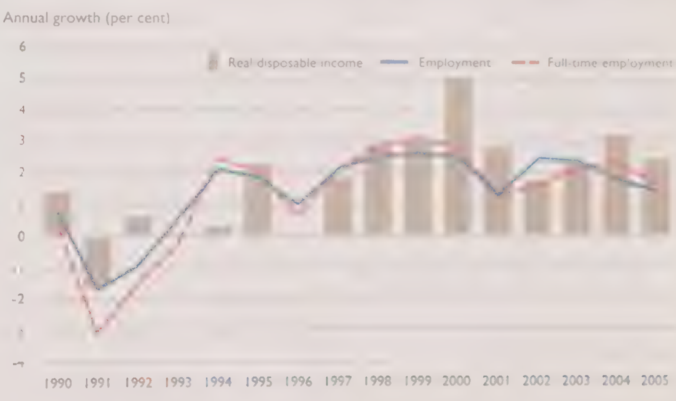
Substantial increases in housing construction over the past decade occurred against a backdrop of prolonged employment and income gains *(see Figure 1)*.[2]

Robust job creation in 2005, though somewhat below the pace of the late 1990s, extended a string of job gains dating back to 1997. The employment rate—the percentage of the population with jobs—remained close to the decades-long high reached in 2004, and the unemployment rate dropped to the lowest level in decades (6.8 per cent). Full-time positions accounted for almost all the job gains recorded in the past two years.

Over the past decade, Alberta led all provinces in job creation, followed by Ontario. In recent years, however, the distribution of employment growth shifted to a degree. After posting one of the slowest rates of job creation from [illegible] British Columbia recorded the highest rate in the next four years, followed by Alberta, Québec, and Ontario *(see Figure 2)*. During the latter four years, housing starts in British Columbia doubled.

FIGURE 1

JOB CREATION AND REAL DISPOSABLE INCOME GROWTH, CANADA [illegible]



Employment growth calculated from [illegible]
Income growth based on quarterly a[illegible]
Real disposable income = disposabl[illegible]

Source: CMHC, adapted [illegible]

1 Population aging describes a shift over time in the age make-up of a population towards relatively older groups, as measured by, for example, an increase in average or median age.

2 Housing starts more than doubled in Canada between 1995 and 2004, rising from 110,933 to 233,431.

3 Housing starts rose from 17,234 in 2001 to 34,667 in 2005.

FAST Facts

- Employment rate in 2005 remains close to decades-long high; unemployment drops to lowest level in decades (6.8 per cent).
- Modest total increase (3.3 per cent) in median real after-tax household incomes between 1990 and 2004, masks divergent trends for owners (up 4.5 per cent) and renters (down 4.8 per cent).
- Seniors are a growing force in the housing market. More than one in eight Canadians were aged 65 or over in 2001; this share will almost double in the next 15 years.
- Aboriginal population grew by 22 per cent between 1996 and 2001, significantly outpacing that of non-Aboriginal Canadians (3.4 per cent).
- Net immigration now accounts for two-thirds of population growth in Canada. Immigrants are 18 per cent of Canada's population, the highest share in 70 years.

Real incomes grow at more moderate pace than in late 1990s

The surge in job creation in the late 1990s translated into accelerating income growth for Canadian households. After dropping in the early 1990s, real incomes rebounded *(see Figures 1 and 5)*. As a result, households on average spent proportionately less of their incomes on shelter in 2001 than in 1996 *(see Figure 4)*.[4]

In recent years, the pace of job creation slowed somewhat in comparison to the late 1990s. So did growth in real disposable income, which tends to parallel changes in household incomes *(see Figure 1)*.[5]

Non-standard work patterns have become more common

From the recession in the early 1990s until late in the decade, self-employment and part-time employment both increased as percentages of total employment in Canada *(see Figure 3)*. Since then, however, their shares of total employment have dropped. Evidently workers who lost jobs during the recession turned to part-time work or struck out on their own. With the improvement in the economy in the second half of the 1990s, growth in full-time employment outstripped increases in part-time employment.

All the same, self-employment and part-time employment are still more common now than they were in the early 1990s. Temporary employees—including term, contract, and casual workers—have increased as a percentage of total employment in the last eight years *(see Figure 3)*.[6] In addition, the percentage of workers with non-standard work weeks has risen significantly since the late 1970s. In 2000, 39.4 per cent of workers in Canada worked between 35 and 40 hours per week, down from 47.4 per cent in 1978.[7]

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4 In 2001, households on average spent 21 per cent of their before-tax incomes on shelter, compared to 22 per cent in 1996 and 21 per cent in 1991. Since shelter costs in Canada increased at essentially the same rate between 1996 and 2001 as between 1991 and 1996, rising according to census data by around 11 per cent in each period, the reduction in the proportion of income spent on shelter in the second half of the decade can be attributed to accelerating income growth. Shelter cost data exclude farm, band, and reserve households; households with incomes of zero or less; and households whose shelter costs equal or exceed their incomes. For renters, shelter costs include rent and any payments for electricity, fuel, water, and other municipal services. For owners, shelter costs include mortgage payments (principal and interest), property taxes, and any condominium fees, along with payments for electricity, fuel, water, and other municipal services.

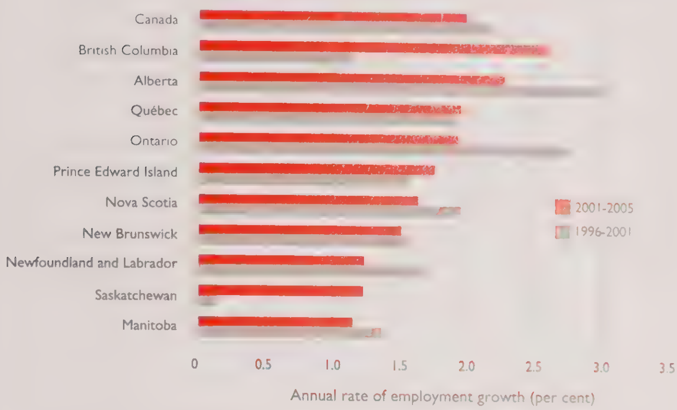
5 From 2001 to 2005, real disposable income increased at an annual rate of 2.1 per cent, compared to 3.1 per cent between 1996 and 2001.

6 Data on temporary employment are not available prior to 1997.

7 Andrew Heisz and Sébastien LaRochelle-Côté, *Summary of: Work Hours Instability in Canada*, Analytical Studies Branch Research Paper Series, Catalogue no. 11F0019MIE – No. 279 (Ottawa: Statistics Canada, 2006), p.3.

FIGURE 2

EMPLOYMENT GROWTH, CANADA AND PROVINCES, 1996-2005



Provinces ranked by growth in 2001-2005 period.
Employment growth calculated from average monthly employment during the year

Source: CMHC, adapted from Statistics Canada (CANSIM)

the late 1990s of large numbers of relatively affluent households out of rental units into homeownership.[9]

The proportion of income that households spend on shelter reflects both their earnings and the cost of housing in the markets where they live. In 2001, for example, households in Vancouver and Toronto had higher-than-average incomes but faced shelter costs that were on average higher than in any other metropolitan area. These two centres had the highest average shelter cost-to-income ratios (STIRs) of any metropolitan areas in Canada *(see Figure 4)*. By contrast, households in Calgary spent a much smaller fraction of their incomes on shelter. Incomes in Calgary were

Real household incomes did not fully recover from declines in the early 1990s until late in the decade.[8] From 1990 to 2004, the total increase in the median real after-tax income of Canadian households amounted to just 3.3 per cent. High-income earners enjoyed much stronger growth than those with low incomes. The average real after-tax incomes of the bottom fifth of households declined 2.8 per cent while that of the top fifth rose 18.9 per cent.

Differences in the incomes of owners and renters have expanded. From 1990 to 2004, the median real after-tax income of owner households rose 4.5 per cent, but that of renters fell 4.8 per cent. One factor that contributed to the drop in the real incomes of renters was the movement in

SELF-EMPLOYMENT, PART-TIME EMPLOYMENT, AND TEMPORARY EMPLOYEES, CANADA, 1990-2005

Percentages based on average monthly employment during the year
Data on temporary employees are not available for years prior to 1997

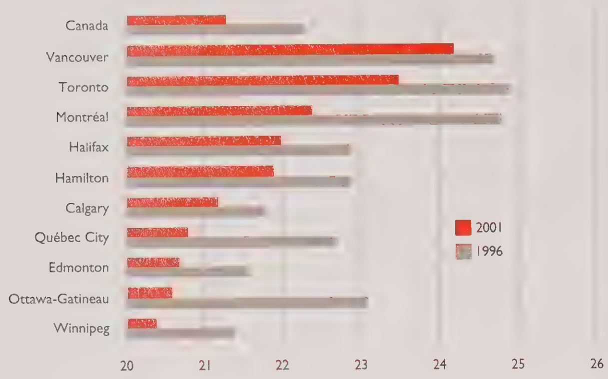
Source: Statistics Canada (CANSIM)

8 All income data referenced in this and the following paragraph are from custom tabulations that combine data from the *Survey of Consumer Finances* (for 1990 through 1995) and the *Survey of Labour and Income Dynamics* (for 1996 through 2003).

9 Between 1996 and 2001, the homeownership rate in Canada rose from 63.6 to 65.8 per cent, by far the largest five-year intercensal increase since 1971. In 2002, homeowners who had moved from rental homes during the previous six years had median household incomes that were more than double the incomes of households who rented throughout the same six-year period (Statistics Canada – *Survey of Household Spending*).

FIGURE 4

AVERAGE SHELTER COST-TO-INCOME RATIOS (STIRS), CANADA AND SELECTED URBAN CENTRES, 1996 AND 2001



Centres ranked in descending order by average STIRs in 2001. Excludes farm, band, and reserve households; households with incomes of zero or less; and households whose shelter costs equal or exceed their incomes. For renters, shelter costs include rent and any payments for electricity, fuel, water, and other municipal services. For owners, shelter costs include mortgage payments, property taxes, any condominium fees, and payments for electricity, fuel, water, and other municipal services.

Source: CMHC (census-based housing indicators and data)

considerably higher than in Vancouver, while shelter costs were lower than in Toronto.[10]

Of course, there are households in all markets spending much higher-than-average fractions of their incomes on housing. In Canada as a whole, the median income of renter households is only slightly more than half that of homeowners *(see Figure 5)*. As a result, they spend significantly higher proportions of their incomes on shelter than owners – 28 per cent on average in 2001 versus 18 per cent for homeowners.

Differences in the net worth of owners and renters have expanded

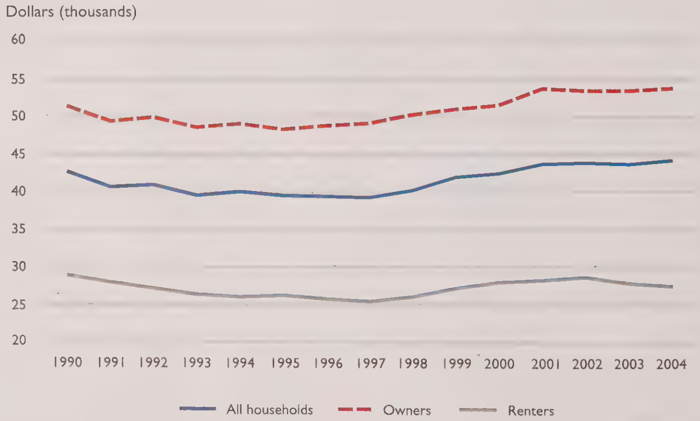
Differences in the net worth of owners and renters have expanded in recent decades—not surprising considering the growing disparity in their incomes. Net worth is the value of a household's assets minus its debts.[11]

Renters in 1999 had less in the way of savings to fall back upon during unemployment, illnesses, or other difficulties than their counterparts in 1984. During this period, the real net worth of a typical homeowner rose by about 20 per cent but that of a typical renter fell by over 40 per cent.[12]

A typical homeowner was more than 15 times wealthier in 1999 than a typical renter. Renters had a median net worth of $14,000, compared to $226,000 for homeowners. The median for all households was $124,000. Though they comprised over a third of all

FIGURE 5

MEDIAN REAL AFTER-TAX HOUSEHOLD INCOMES BY TENURE, CANADA, 1990-2004



Source: Statistics Canada (*Survey of Consumer Finances and Survey of Labour and Income Dynamics*)

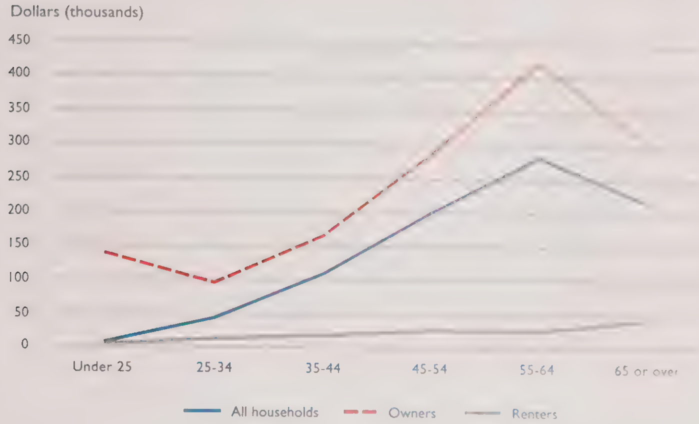
10 According to the 2001 Census of Canada, average household incomes in Toronto, Calgary, and Vancouver were $80,261, $76,692, and $66,747 respectively. Average monthly shelter costs were $1,061, $929, and $956 respectively. Data exclude farm, band, and reserve households; households with incomes of zero or less; and households whose shelter costs equal or exceed their incomes.

11 The last survey of wealth in Canada, the *Survey of Financial Security*, was conducted in 1999. All net worth estimates presented here include the estimated value of employer pension plans.

12 In this instance, "typical" refers to households with the median net worth for their tenure group.

FIGURE 6

MEDIAN HOUSEHOLD NET WORTH BY AGE OF MAJOR INCOME EARNER, CANADA, 1999



Source: CMHC, adapted from Statistics Canada *(Survey of Financial Security)*

In 1999, equity in the principal residence was the most broadly held component of household net worth and was second in dollar value to retirement assets. It accounted for 26 per cent of total net worth and 29 per cent of the net worth of homeowners.[14] For households with low-to-moderate incomes, equity in their homes represented a significant source of wealth, amounting to about a third of their total net worth *(see Figure 7)*; moreover, almost all high-net-worth households held some of their wealth in the form of home equity.

As a result of strong house price increases in recent years, home equity is probably an even more important component of the net worth of households today than in 1999. Although the total real net worth of households, renters held less than 10 per cent of total net worth.

Because wealth takes time to accumulate and is drawn down during retirement, net worth in 1999 was highest for owners whose major income earner was aged 55 to 64 *(see Figure 6)*. The distribution of net worth for renters was somewhat different, however, peaking at age 65 or over. This pattern does not mean that renters somehow managed to accumulate assets during retirement, while much wealthier homeowners spent their savings. It is more likely that the high net worth of senior renters compared to younger renters reflected shifting from owning to renting by some relatively wealthy seniors; in other words, the presence of former owners in the ranks of senior renters raised the average net worth of this group above that of younger renters.[13]

FIGURE 7

COMPOSITION OF NET WORTH BY ASSET CATEGORY AND INCOME GROUP, CANADA, 1999

Home equity includes only the principal residence. Secondary properties are included in other assets. Retirement assets include the value of employer pension plans, RRSPs, and RRIFs. Investment assets include financial assets other than those considered to be retirement assets.

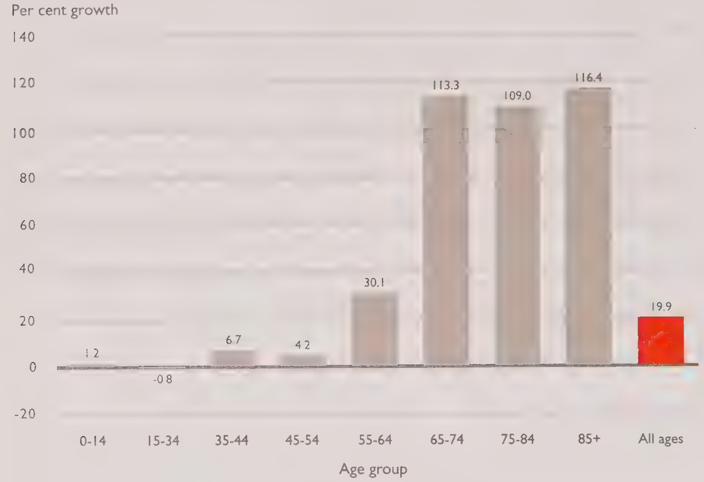
Source: CMHC, adapted from Statistics Canada (Survey of Financial Security)

13 As shown later in discussing mobility and housing choices, moves by senior households over the period from 1997 to 2002 generated a net shift out of home ownership into renting.

14 Since these percentages do not reflect the value of any secondary properties owned by household members, they understate the value of equity accumulated in all real estate assets held by households.

FIGURE 8

PROJECTED POPULATION GROWTH BY AGE GROUP, CANADA, 2006-2031



Projections are from Statistics Canada's medium growth, medium migration scenario (scenario 3).

Source: CMHC, adapted from Statistics Canada (*Population Projections for Canada, Provinces and Territories 2005-2031*, Catalogue No. 91-520-XIE)

persons and unincorporated business grew at a somewhat slower rate in the years since 1999 than during the 1990s, growth in the value of residential structures and land accelerated.[15]

Aging of the population will accelerate over the next 25 years

More than one in eight Canadians is aged 65 or over, and almost one in four is at least 55. The median age of Canadians has been increasing steadily, a consequence of declining fertility and births, increasing life expectancy, and the maturation of the large post-war baby boom generation.[16] Over the last decade and a half, the population aged 65 or over grew at over twice the rate of the Canadian population as a whole.

In the next quarter century, population aging will accelerate as increasing numbers of baby boomers reach retirement age. The oldest baby boomers will turn 65 around the year 2011, but the youngest, currently in their early forties, won't do so for another quarter century. By 2031, the share of the population represented by those 65 or older will be almost double the current level, rising to 23 per cent from 13 percent in 2005.[17]

The number of Canadians aged 65 or older will more than double in the next 25 years, growing at better than five times the rate of the general population *(see Figure 8)*.[18]

During this period, growth of all age segments within the senior population, from relatively young to relatively old, will be uniformly strong. For example, the number of people aged 65 to 74 will eventually double as the current relatively small cohort born during the 1930s gives way to successively larger generations. In stark contrast, the number of Canadians under the age of 55 will increase very little—just 2 per cent.

Influence of older Canadians on housing market will grow

Given the expected growth in the number of older Canadians in the next quarter century, the influence of this

15 According to national accounts estimates, real net worth increased at an annual rate of 5.2 per cent from the fourth quarter of 1990 though the fourth quarter of 1999 and 2.9 per cent from the fourth quarter of 1999 to the fourth quarter of 2005. The real value of residential structures grew at an annual rate of 2.5 per cent in the earlier of these two periods and 4.5 per cent in the later period. The annual rate of growth of the value of land was 3.6 per cent in the first period and 6.0 per cent thereafter. All figures are deflated using the Consumer Price Index.

16 In 2004, the median age of Canada's population was 38.3 years, compared to 26.2 years in 1971. Statistics Canada, *Annual Demographic Statistics 2004* (Ottawa, Statistics Canada, 2005), CD-ROM files as7101.xls and as0104.xls.

17 Alain Bélanger, Laurent Martel, and Éric Caron-Malenfant, *Population Projections for Canada, Provinces and Territories 2005-2031.* (Ottawa: Statistics Canada, 2005), p.47 and p.60. The share of seniors rose from just 10 per cent to 13 per cent between 1981 and 2005.

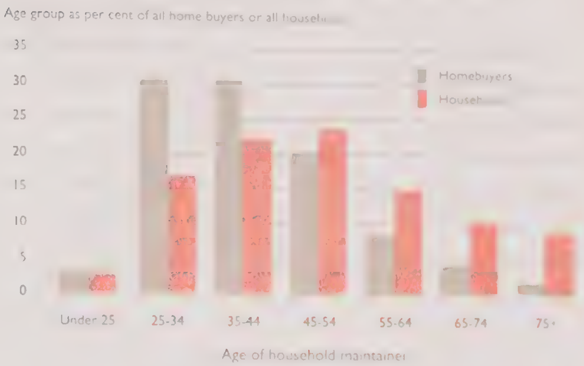
18 CMHC calculations based on figures in Bélanger, Martel, and Caron-Malenfant, p.150. The number of seniors will more than double by 2031, but the population as a whole will grow by only 20 per cent (scenario 3).

group on housing markets will increase significantly. The age make-up of home buyers provides one indication of the housing demand generated by different demographic segments. Currently, Canadians aged 55 or over account for around 15 per cent of homes bought in Canada *(see Figure 9)*.[19] Around 7 per cent of purchases are by those aged 65 or more.

All else being equal, the number of sales made to those aged 65 or more should at least double by 2031 in light of the expected doubling of the population of this group, and the share of sales attributed to buyers aged 55 or older should rise to around one in four.[20] To appeal to older Canadians, housing will have to address their various emerging housing and non-housing needs, target a variety of budgets, and be available in a range of locales, including neighbourhoods to which many seniors may have developed strong attachments after years of residence.

FIGURE 9

DISTRIBUTION OF HOME BUYERS AND HOUSEHOLDS BY AGE OF MAINTAINER, CANADA, 2001-2003



The distribution of households is based on the average number of households in 2001, 2002 and
The household maintainer is the person or one of the people in the household responsible for ma
household payments

Source: CMHC, adapted from St

Survey of Household Spending (SHS)

Data presented here on home purchases and on residential mobility come from Statistics Canada's *Survey of Household Spending*. The SHS is an annual survey that collects detailed information on household expenditures, including data on shelter costs. It also identifies whether households purchased a home in the last year.

Beginning with the 2002 edition of the SHS, CMHC funded an expanded module of housing questions. Some of the new questions examine aspects of mobility, including reasons for moving and the characteristics of the homes occupied by households before and after moving.

Households move less often as they age

Although people aged 55 or older account for a significant share of homes bought in Canada, the number of dwellings they purchase is actually small in relation to their weight in the general population *(see Figure 9)*. From 2001 to 2003, for example, 35 per cent of all households in Canada had maintainers aged 55 or over, a share that was more than double the representation of this age segment among home buyers (15 per cent).[21] By contrast, households with maintainers aged 25 to 44 represented just 39 per cent of all households but accounted for 61 per cent of home purchases.

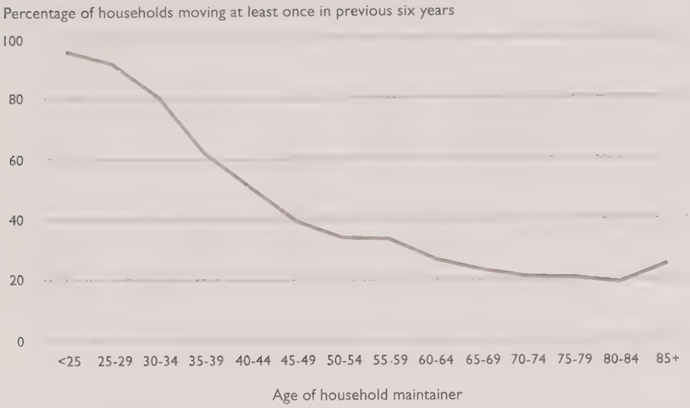
19 Estimates adapted by CMHC from the 2001, 2002 and 2003 editions of Statistics Canada's *Survey of Household Spending*.

20 These conclusions are based on simulations that combine populations projected by Statistics Canada with household formation patterns (headship rates) derived from the 2001 Census of Canada and home-buying propensities from the 2001, 2002, and 2003 editions of the *Survey of Household Spending*. Simulations assume that these historical tendencies remain fixed at their recent levels.

21 The *Survey of Household Spending* defines the household reference person (household maintainer) as the person or one of the people in the household mainly responsible for major household payments such as the rent or mortgage.

FIGURE 10

RESIDENTIAL MOBILITY OF HOUSEHOLDS, CANADA, 1997-2002



The household maintainer is the person or one of the people in the household responsible for major household payments. Households considered to have moved are ones whose maintainers moved in the previous six years.

Source: CMHC, adapted from Statistics Canada (*Survey of Household Spending*)

The reason for the under-representation of older households among homebuyers is that people become less likely to move as they age. In 2002, almost half of Canadian households had moved in the previous six years.[22] Virtually all households maintained by those under the age of 30 had moved at least once, many probably more than once *(see Figure 10)*. By contrast, only about 30 per cent of households with maintainers aged 55 to 64 and 20 per cent of senior households moved between 1997 and 2002.[23]

One reason older people are less likely to move than younger people is that many develop strong attachments to their homes and are reluctant to leave neighbourhoods that are at the centre of their social networks, routines, and memories.[24] For all the older Canadians who opt to meet their housing needs by moving, there will be others who choose to remain in their current homes, adapting them as necessary. The aging of the population will generate demands for products and services that help individuals enjoy and continue living independently in their present homes.

Reasons for moving change with age

People of different ages tend to move for different reasons. Among households changing residences between 1997 and 2002, the desire for a better quality dwelling or neighbourhood was a common reason for moving, regardless of the age of the mover *(see Figure 11)*.[25] In other respects, however, reasons for moving differed considerably from one age group to another. Below the age of 55, finding a bigger house was a preoccupation of many movers and was in fact the most common reason for moving among households with maintainers aged 30 to 54. From age 55 on, however, movers were more likely to be looking for a smaller home than a larger one.

22 Mobility data are from Statistics Canada's 2002 *Survey of Household Spending*. Movers are households whose maintainers moved at least once in the period from 1997 to 2002. The SHS collects information about the most recent move of the household reference person (maintainer), but not about any other moves the person may have made during the six-year period. The reference person is the person or one of the people in the household responsible for major household payments (such as rent or mortgage). The SHS is a survey of private households. Households moving from a private home to a nursing home or some other type of institution are therefore not included in the SHS sample or in the analysis presented here. A more complete treatment of mobility and housing choices can be found in Canada Mortgage and Housing Corporation, *2001 Census Housing Series: Issue 10 Aging, Residential Mobility and Housing Choices* Research Highlights Socio-economic Series 06-001 (Ottawa: CMHC, 2006).

23 When used in reference to movers, age refers to the primary household maintainer; for example, a senior household is one with a reference person (maintainer) aged 65 or more.

24 Canada Mortgage and Housing Corporation, *Housing for Older Canadians The definitive guide to the over-55 market* (Ottawa: CMHC, 1999), p. 25.

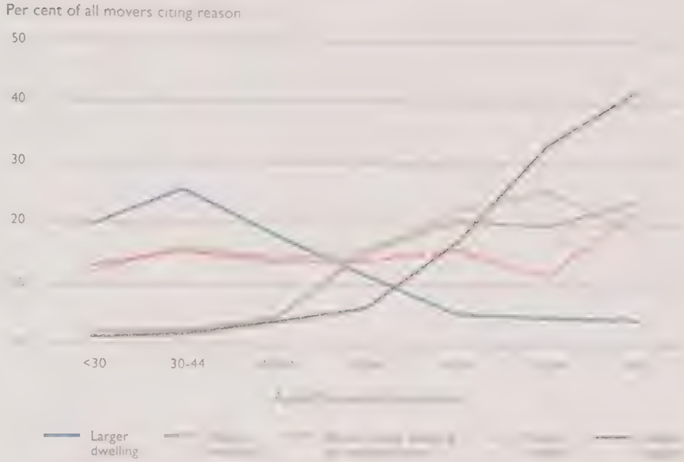
25 Note that Figure 11 does not depict all the reasons a household could give for moving. Rather, it shows a select subset of reasons that were either common at most ages or particularly prominent at certain ages. Reasons refer only to the most recent move, not to any previous moves a household may have made in the previous six years.

In addition, with advancing age, family and health considerations were increasingly common reasons for moving. For households maintained by those aged 55 or more, family reasons likely centred on departure of children from the family nest, death of spouses, and the desire to be near extended family.[26] Health considerations were rarely cited by movers below the age of 65, but were the most frequent reason given for moving at ages 75 or over, cited by a third of movers aged 75 to 84 and over 40 per cent of those aged 85 or more.

The fact that family and health reasons figured so prominently in the moves of senior households suggests that many may have moved because of declining health and related difficulty coping with the upkeep of their homes. They may still have felt strong emotional attachments to their homes but could no longer put off moving. The element of necessity underlying the moves of some seniors likely explains the somewhat higher rate of mobility of those aged 85 or more in comparison to younger seniors *(see Figure 10).*[27]

FIGURE 11

REASONS FOR MOVING BY AGE GROUP CANAD



The household maintainer is the perso
Households considerec
more tha
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Source. CMHC, adapted from Statistic

When they move, older households tend to choose smaller homes

Housing choices change as people age. The housing occupied by households moving between 1997 and 2002 reflected the reasons they moved. The choices of younger households were typically consistent with a desire for more space, while the choices of older households indicated the opposite. Relatively high proportions of movers between the ages of 30 and 64 bought homes and opted for single-detached dwellings *(see Figure 12).* The majority of senior movers, on the other hand, chose apartments and rente[illegible] their new homes. Older movers [illegible] younger movers to select homes with only one floor. Th[illegible] were also much more likely to move to [illegible] Nearly three-quarters of senior mover[illegible] condominiums opted for apartment condos, presu[illegible] because they required less upkeep tha[illegible] condominiums.

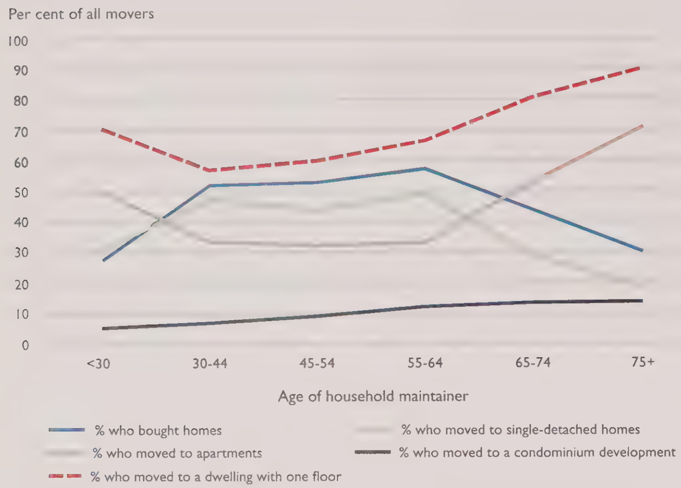
These choices are generally consistent with t[illegible] that households opt for smaller, more manageabl[illegible] as they approach and enter their senior years. Moves b[illegible] households with maintainers under the age of 55 produc[illegible] a net shift into single-detached homes; in othe[illegible] more of these movers moved to detached homes [illegible]

26 Although the 2002 *Survey of Household Spending* questionnaire provided four examples of family reasons (birth, death, marriage, divorce), family reasons could conceivably include other family-related causes, including cohabitation, separation, departure of children from home, and a desire to be near relatives.

27 Mobility data cover only those households living in private dwellings. As stated earlier, households moving from a private home to a nursing home or some other type of institution are not included in the analysis presented here.

FIGURE 12

HOUSING CHOICES OF MOVERS BY AGE GROUP, CANADA, 1997-2002



The household maintainer is the person or one of the people in the household responsible for major household payments. Households considered to have moved are ones whose maintainers moved in the previous six years. Data describe only the most recent moves of households from 1997 through 2002.

Source: CMHC, adapted from Statistics Canada (*Survey of Household Spending*)

some other dwelling type than left detached homes for another type of dwelling *(see Figure 13)*. As noted earlier, wanting a bigger house was the most common reason for moving identified by those aged 30 to 54 *(see Figure 11)*. In contrast, moves by older households produced a net shift out of detached homes and into apartments. The desire for a smaller dwelling and health concerns were two of the prime reasons for moving cited by this group.

Tenure choices showed a similar division between younger and older movers, though the shift in behaviour occurred at a somewhat older age. Movers under the age of 65 were more likely to switch from renting to owning than from owning to renting *(see Figure 14)*. The opposite was true of movers aged 65 or more: moves by this group resulted in a net shift of households into rental units. The bulk of the shift into renting occurred at ages 75 or over.

Overall, the extent of downsizing by older households in the period from 1997 to 2002 was modest. For example, the net transfer out of single-detached homes by senior households during the six years amounted to less than 10 per cent of all senior households living in single-detached houses in 2002. The attachment of older people to their homes as manifest in the relatively low mobility of seniors limited the extent of the shift out of detached homes. As discussed earlier, eight out of ten senior households did not move during the period *(see Figure 10)*.

Mobility patterns and associated housing choices during the period from 1997 to 2002 suggest that aging baby boomers will move gradually out of single-detached houses into other smaller types of dwellings, including condominiums and rental apartments. Because the vanguard of baby boomers only began turning 55 in the last few years, this movement is just beginning. Some of these baby boomers will make changes to their housing now, but many others will wait, preferring to stay in their present homes, adapting them as necessary. Such a gradual shift in demand in response to changing circumstances and needs, if it does take place, would give the housing industry time to modify its offerings and lessen the likelihood of mismatches between the types of housing demanded and the types supplied.

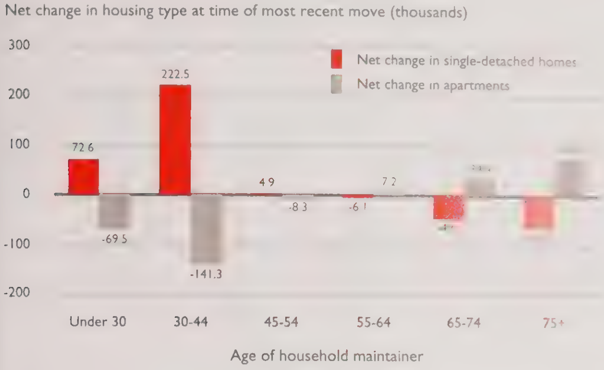
Growing Aboriginal population is a source of increasing housing demand

Like seniors, Aboriginal people are a rapidly growing segment of Canada's population, with their numbers increasing by 22 per cent between 1996 and 2001, compared to 3.4 per cent for the non-Aboriginal population.[28] Fully half of Aboriginal people were under the age of 25 in 2001.

28 Demographic factors are thought to have accounted for about half this growth, increased awareness of Aboriginal roots and more complete enumeration of reserves for the other half. Statistics Canada, *2001 Census: analysis series Aboriginal peoples of Canada: A demographic profile* Catalogue no. 96F0030XIE2001007 (Ottawa: Statistics Canada, 2003), p. 6.

FIGURE 13

DWELLING TYPE CHANGES BY AGE GROUP, CANADA, 1997-2002



The household maintainer is the person or one of the people in the household responsible for major household payments. Households considered to have moved are ones whose maintainer moved in the previous six years. Data describe only the most recent moves of households from 1997 through 2002. Data exclude movers who were not household maintainers at their previous address.

Source: CMHC, adapted from Statistics Canada (*Survey of Household Spending*)

The strong growth and youthful age profile of Aboriginals underscores their growing contribution to housing demand, especially in those parts of Canada where they are most concentrated.

Although Ontario had the largest number of Aboriginal households in 2001 (just under one-quarter of the national total), the highest relative concentrations of Aboriginal households were in the North, followed by the Prairie provinces. Among metropolitan areas, relative concentrations were highest in three Prairie centres: Winnipeg, Saskatoon, and Regina. Approximately half of all Aboriginal people in 2001 lived in urban areas.[29]

In 2001, 45 per cent of all Aboriginal households owned their homes, considerably below the rate for non-Aboriginals (67 per cent).[30] Homeownership rates were highest among Métis households (57 per cent), followed by Non-status Indians (48 per cent), Status Indians (37 per cent) and the Inuit (33 per cent). Reducing ... homeownership on reserve could ... this gap over time in First N... addition to having lower leve... Aboriginal households were mo... likely as non-Aboriginals ... housing and in housing in need ...

Differences in the h... Aboriginals and non-Ab... though narrowing, ... circumstances. ... unemployment ra... (19.1 per cent) wa... non-Aboriginals (7.1 p... reduction o... the difference over ... unemployment rates ... The median income ... households in 2000 was ... of non-Aboriginal ...

29 The term "urban areas" in this context refers to Census Agglomerations and Census Metropolitan Areas, that is, to centres with populations of at least 10,000.

30 Data on Aboriginal homeownership include households living on reserves and outside reserves.

31 Statistics Canada, *The Canadian Labour Market at a Glance 2005*, Catalogue no. 71-222-XIE (Ottawa: Statistics Canada), p.

FIGURE 15

GROWTH OF IMMIGRANT POPULATIONS, CANADA AND SELECTED URBAN CENTRES, 1996-2001

Source: CMHC, adapted from Statistics Canada (Census of Canada)

Immigrant populations are growing rapidly in major urban centres

Population growth slowed over the last decade and a half. With the population aging, births declined, deaths increased, and growth became increasingly tied to immigration. Net international migration now accounts for approximately two-thirds of population growth in Canada. Since 1990, the annual intake of immigrants has typically topped 200,000.

In 2001, immigrants made up 18 per cent of the population of Canada, the highest share in 70 years.[32] Most immigrants settle in large cities: they made up about a quarter of the population of metropolitan areas, but just 6 per cent of the rest of the country. From 1996 to 2001, the population of immigrants in Canada grew at well over twice the rate of the general population (10 per cent versus 4 per cent). Growth was even more rapid in many of the cities where immigrants tend to congregate *(see Figure 15).*

Over 70 per cent of newcomers to Canada arrive in Toronto, Vancouver, or Montréal—over 40 per cent in Toronto alone. Immigrants make up substantial and growing shares of the populations of Toronto and Vancouver.[33] Immigrants also account for higher-than-average shares of the populations of Calgary and a number of other metropolitan areas in Southern Ontario and British Columbia. Although Montréal takes in about as many newcomers to Canada as Vancouver, the immigrant population in Montréal is somewhat smaller than in Vancouver, and the percentage of immigrants is much lower, just matching the national average.

Housing conditions of recent immigrants vary across Canada

When immigrants first come to Canada, they often experience relatively difficult housing conditions. The income of a typical recent-immigrant household in 2000 was just two-thirds that of a non-immigrant household.[34] In 2001, each of the largest metropolitan areas in Canada exhibited the same basic pattern of differences between recent immigrants and non-immigrants with respect to their housing, incomes, and spending on shelter.[35] In all these urban centres recent-immigrant households had lower median incomes, were less likely to own homes, and lived in smaller dwellings on average, than non-immigrant households. They spent considerably higher proportions of

32 Statistics Canada, *2001 Census: analysis series Canada's ethnocultural portrait: The changing mosaic* Statistics Canada Catalogue no. 96F0030XIE2001008 (Ottawa: Statistics Canada, 2003), p. 5.

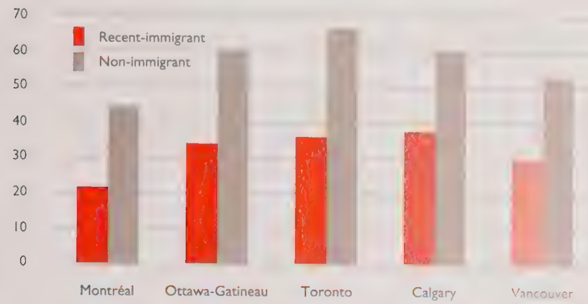
33 In 2001, immigrants made up 44 and 38 per cent respectively of the populations of Toronto and Vancouver.

34 'Typical' in this case refers to the median. Discussion of immigrant incomes and housing is based on 2001 census data. Immigrant households are households with immigrants as primary maintainers. Recent-immigrant households are those whose primary maintainers came to Canada from 1996 through May 15, 2001 (Census Day). The primary household maintainer is the first person in the household listed on the census form as being responsible for major household payments, such as rent or mortgage.

35 The statement refers to the nine largest Census Metropolitan Areas plus Halifax, the same areas depicted in Figure 15. Subsequent discussion focuses on these ten urban areas.

FIGURE 16

MEDIAN HOUSEHOLD INCOMES, RECENT-IMMIGRANT AND NON-IMMIGRANT HOUSEHOLDS SELECTED URBAN CENTRES, 2000



Recent-immigrant households have primary maintainers who came to Canada from 1996 through May 15, 2001 (Census Day). The household maintainer is the person or one of the people in the household responsible for major household payments.

Source: CMHC, adapted from Statistics Canada (Census of Canada)

their incomes on shelter.[36] Because recent-immigrant households were larger on average than non-immigrant households and lived in dwellings that were smaller, with fewer rooms and fewer bedrooms on average, they were much more likely than non-immigrant households to be living in crowded housing.[37]

Where the cities differed was in the magnitude of the gaps between recent immigrants and non-immigrants. Large differences in incomes and in home ownership rates were particularly evident in Montréal. There, the median income of a recent-immigrant household was less than half that of a non-immigrant household *(see Figure 16)*; moreover, the rate of home ownership among recent immigrants in Montréal was barely a fifth that of non-immigrants *(see Figure 17)*. Differences between recent immigrants and non-immigrants were considerably smaller in Calgary, wh[illegible] median household income and ownership r[illegible] newcomers amounted to 62 per cent and 70 per cent respectively of non-immigrant totals.

One consolation for newcomers to Montr[illegible] that shelter costs there were relatively [illegible] to costs in many other cities. As a resu[illegible] immigrant households in Montréal sp[illegible] lower proportions of their incomes on [illegible] their counterparts in Toronto and Vancouver. Hig[illegible] shelter costs in these latter two centres r[illegible] recent immigrants spent close to a third of their incomes on shelter. In most of the other major metropolitan areas, recent immigrants on average devoted between 25 and 30 per cent of their incomes to shelter.

RECENT-IMMIG[illegible]
SELE[illegible]

Recent-immigrant househ[illegible] (Census Day). The ho[illegible] major household payments.

Source: CMHC, adapted from Statistics Canada (Census of Ca[illegible]

36 In Canada as a whole, recent-immigrant households spent 31 per cent of their before-tax incomes on shelter, compared to 21 per cent for non-immigrants. Spending figures apply only to non-farm, non-band, non-reserve households with incomes greater than zero and shelter costs equal to less than 100 per cent of their incomes.

37 CMHC assesses crowding using the National Occupancy Standard, a measure that is sensitive to both household size and composition. In 2001, 34 per cent of recent-immigrant households in Canada were crowded, compared to just 4 per cent of non-immigrant households. Among the nine largest Census Metropolitan Areas plus Halifax, recent-immigrant households were anywhere from 5 to 9 times more likely than non-immigrant households to live in crowded housing.

38 Halifax was the lone exception. The average shelter cost-to-income ratio (STIRs) for recent-immigrant households in Halifax was 31 per cent. Ratios in Toronto and Vancouver were 32 and 33 per cent respectively. As discussed earlier *(see Figure [illegible])*, average STIRSs were generally high for all households in Toronto and Vancouver, not just for recent immigrants.

Longitudinal Survey of Immigrants to Canada (LSIC) sheds new light on immigrants' housing experiences

The *Longitudinal Survey of Immigrants to Canada (LSIC)*, supported by Statistics Canada and Citizenship and Immigration Canada, provides researchers with a unique research tool to explore the challenges and successes that immigrants experience as they settle in Canada. With panels of immigrants interviewed 6 months, 2 years and 4 years after arrival, the LSIC provides insights into immigrants' experiences in securing housing, including the types of difficulties encountered, sources and availability of help, housing mobility, reasons for changing residence and intentions to become a homeowner.

Recent analyses of the LSIC data that resulted from the first wave of interviews with recent immigrants show that:

- Most immigrants acquire housing remarkably quickly, and their success in the housing market hinges on the strength and quality of social ties.[39]
- 80 per cent of new immigrants had made arrangements for housing prior to arriving in Canada. Among those who did search for housing after their arrival, more than 60 per cent reported no difficulties—for those who did encounter problems, the most important challenges were cost, the lack of a co-signer or credit history, and difficulties in finding the kind of housing needed.
- While new immigrants are unlikely to move to another city or province in the early months of settlement, nearly 50 per cent moved at least once, mostly within the same city.[40]
- Nearly 60 per cent of all surveyed immigrants said yes when asked if they plan to buy a home "in the next few years".
- Almost half of recently-arrived immigrant who rented either live in affordable accommodations or have a savings reserve equivalent to more than a year's rent payments.
- Some recent immigrants faced challenges in addressing their housing needs. For example, nearly one quarter of all newcomer tenants are facing severe housing stress—paying more than half of their family income for rent and have savings equal to less than three months' rent. Nearly one quarter of renters were experiencing crowding.

Additional research drawing on the LSIC data, funded by CMHC and the Housing and Homelessness Branch at Human Resources and Social Development Canada has been conducted at the Metropolis[41] Centres of Excellence in Montréal, Toronto and Vancouver to shed some light on the initial housing experiences of newcomers in these three CMAs.[42]

A review of the LSIC data suggests that many immigrants are able to adjust quite rapidly to Canada's housing markets. Research has shown that the availability of housing suitable for the needs of Canada's immigrants and refugees is an important factor in their successful settlement. With immigration now accounting for two-thirds of Canada's population growth, ensuring that immigrants can obtain housing that meets their needs is of importance to governments and to local agencies involved in assisting newcomers in the settlement process.

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39 See Pablo Mendez, Dan Hiebert and E. Wyly, "Landing at Home: Insights on Immigration and Metropolitan Housing Markets from the LSIC", *Canadian Journal of Urban Research*, 15:2, Supplement September 2006, 82-104.

40 See Jean Renaud and K. Bégin. "The Residential Mobility of Newcomers to Canada: the First Months", *Canadian Journal of Urban Research*, 15:2, Supplement September 2006, 67-81.

41 CMHC is a federal funding partner to the Metropolis Project which supports policy-relevant research related to immigrant integration into Canadian society, undertaken at five Centres of Excellence.

42 "The Housing Situation and Needs of Recent Immigrants in the Montréal, Toronto and Vancouver CMAs". Published in five volumes (Ottawa: CMHC, 2006).

CURRENT MARKET
Developments

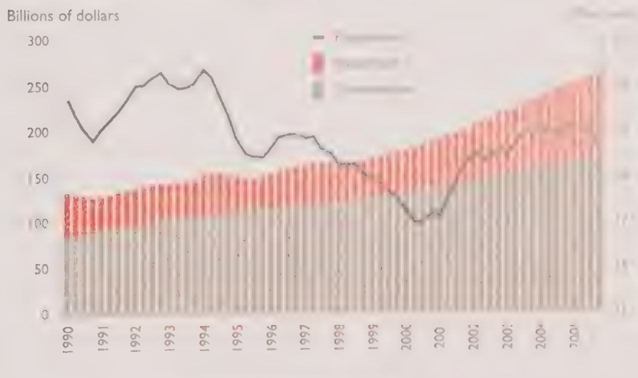
The Canadian housing market posted another strong year in 2005. The new home market remained buoyant with housing starts registering their second strongest showing in the last 18 years. Existing home sales reached a fifth consecutive record high while strong sellers' market conditions pushed the average price up by more than ten per cent. Renovation spending also set a record high in 2005 following the strong performance of the housing and labour markets. The rental market stabilized in 2005 with most major centres only recording modest changes in average rents and vacancy rates.

Housing and the economy

Housing-related spending contributed nearly $260 billion to the Canadian economy in 2005 which represented growth of 5.8 per cent (including price effects), compared to growth of 6.2 per cent for the entire economy (*see Figure 18*). Hence, the proportion of gross domestic product (GDP) spent on housing fell to 18.9 per cent of GDP in 2005, down from 19.0 per cent in 2004. Construction employment grew by 67,800 jobs or 7.1 per cent in 2005 and accounted for about 30 per cent of the total employment growth in Canada.

Housing-related spending in 2005 accounted for nearly one-fifth of total economic activity in Canada. This spending can be classified into either consumption or investment. Consumption represents ongoing spending by households to meet their shelter needs, while investment includes new construction and major ou[illegible] households make to improve their housing situation. Consumption, at about $170 billion, represented almost two-thirds of housing related spending, while the investment component made up the remainder.

HOUSING-RELATED SPENDIN[illegible]



Source: CMHC, adapted from [illegible]

FIGURE 19

HOUSING STARTS, PROVINCES, 2004–2005

Source: CMHC (*Starts and Completions Survey*)

Spending on residential investment includes: new construction,[44] transfer costs allocated with the purchase of housing,[45] and alterations and improvements.[46] At over 44 billion dollars, the value of new construction has nearly doubled in the last six years, and accounts for half of investment. Alterations and improvements represent a third of residential investment while transfer costs make up the remainder.

Housing starts exceed the 200,000 unit threshold for a fourth consecutive year

Although housing starts fell short of 2004's 17-year high, the 225,500 starts in 2005 marked the fourth consecutive year in which starts exceeded the 200,000 unit threshold. Although the 13 per cent decline in Newfoundland's housing starts was the largest percentage change in 2005, most of the decrease in national housing starts was due to declines in Quebec and Ontario, where the housing markets have pulled back from the exceptionally strong levels seen in recent years (*see Figure 19*). Housing starts also moved lower in Saskatchewan and PEI. At the other end of the spectrum, strong housing demand in Alberta, fuelled by high energy prices, pushed 2005 housing starts up by 12.6 per cent. Starts were up in Manitoba, British Columbia, Nova Scotia and New Brunswick.

Consumption has been growing at a relatively stable rate since 1990, while investment has tended to fluctuate.

Housing-related economic activity classed as consumption includes items such as rent, interest, property taxes, routine maintenance as well as depreciation, which is an estimate of the housing that gets "used up" on a yearly basis.[43] While housing typically lasts many years, a small proportion of the housing stock is demolished every year, and depreciation takes this into account. In addition to rents, housing-related consumption includes spending on home heating, electricity and water, insurance by both tenants and owners and a variety of other payments such as fees charged by student residences and spending on vacation homes.

43 The housing-related spending of tenants is typically calculated by aggregating the rents paid. Calculating housing-related consumption spending for owner households is done in a similar way. Rather than calculating money spent by owners on mortgage interest, taxes, maintenance etc, owners are treated as though they are paying an "imputed" rent to themselves. This rent is based on what they would be able to charge if they rented out their dwelling to someone else. Thus, owners without mortgages are treated in the same way as owners with mortgages, and the contribution of owner-occupied housing to overall economic activity is not underestimated.

44 Includes acquisition costs such as land development charges, legal fees, permits, etc.

45 These costs, referred to as transfer costs in the national accounts, include real estate commissions, land transfer taxes, appraisals and legal fees etc.

46 Most home repairs which do not increase the value of the home are excluded from major renovations and included in housing-related consumption.

FAST Facts

- Housing-related spending in 2005 accounted for nearly one-fifth of total economic activity in Canada, contributing nearly $260 billion to the Canadian economy in 2005.
- Construction employment grew by 67,800 jobs, or 7.1 per cent, in 2005 and accounted for about 30 per cent of the total employment growth in Canada.
- The new home market remained buoyant with housing starts registering their second strongest showing in the last 18 years. The 225,500 starts in 2005 marked the fourth consecutive year in which starts exceeded the 200,000 unit threshold.
- The average price of a single detached new home in Canada increased 10.4 per cent in 2005.
- Existing home sales reached a fifth consecutive record high in 2005 with MLS® sales up 4.9 per cent to 483,200. Strong sellers' market conditions pushed the average price up by more than ten per cent.
- Renovation spending reached a record high of $40 billion in 2005 following the strong performance of the housing and labour markets.
- The rental market stabilized in 2005 with most major centres recording modest changes in average rents and vacancy rates. The average rental apartment vacancy rate in Canada's 28 major centres was unchanged at 2.7 per cent in October 2005 compared to the previous year.
- The highest average monthly rents for two-bedroom apartments were in Toronto ($1,052) and Vancouver ($1,004). The lowest average rents were in Saguenay ($472) and Trois-Rivières ($474).

Considerable pent-up demand that accumulated [illegible] the 1990s has enabled the pace of new home co[illegible] activity to outstrip long-term demographic d[illegible] pent-up demand has been eroding, and the de[illegible] housing starts in 2005 represents a first step in a[illegible] the pace of new home construction back to[illegible] is more in line with demographic fundam[illegible] house prices more then offset marginally l[illegible] rates thereby pushing carrying costs up in 20[illegible] rising home prices reduced homeownershi[illegible] repeat buyers had some protection as pric[illegible] their equity in their previous homes. Th[illegible] prices in 2005 had the greatest impact on first[illegible] who had not benefited from the near double di[illegible] growth seen since 2002. Whi[illegible] the rate of increase in averag[illegible] Canada was muted. Thus, the cost of h[illegible] relative to that of renting, whic[illegible] decrease in demand [illegible]

Increased competition [illegible] impacted the pace of [illegible] of new listings climbe[illegible] choice to potenti[illegible] increasing suppl[illegible] demand from the existing hon[illegible] market.

Single detached starts fell while multiples increased

Single detached starts p[illegible] in 2004 before falling by 6.7 per cent to [illegible] 2005 (*see Figure 20*). The slowing tre[illegible] rising mortgage carrying costs as some [illegible] expensive multi-family homes. Singl[illegible] every region except the Prairies where sin[illegible] construction rose in all three provinc[illegible]

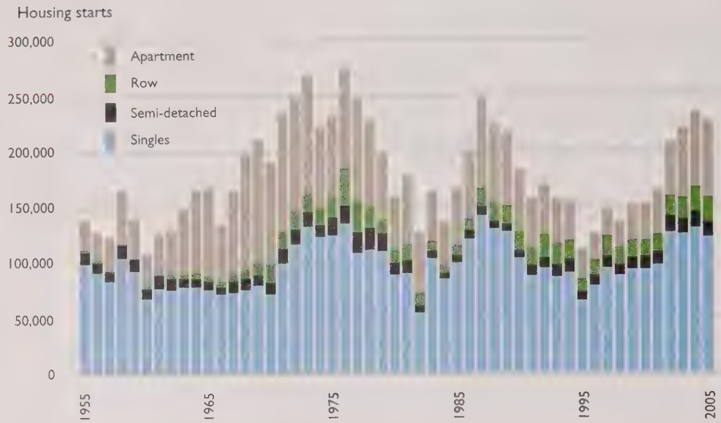
Multi-family housing starts (semi-deta[illegible] apartment units) reached a 19-year high in 200[illegible] 105,000 units. The multiple sector's increasing [illegible] total starts is largely the result of higher mortgage car[illegible] costs as this type of unit is usually less expensive. A[illegible] nation, the largest percentage increases [illegible] starts were recorded in New Brunswick, Nova [illegible] British Columbia.

Rising cost of land helps push new house prices up in 2005

The New Housing Price Index (NHPI) increased five per cent in 2005, a half of a percentage point below the increase measured in 2004. The NHPI is a quality adjusted[47] measure of builders' selling prices for new homes which controls for differences in location, lot size, house size, and features. The NHPI can be broken down into two components: the price of the house (excluding the land), and the price of the land itself. Unlike the past few years when the rise in the NHPI mostly reflected increases in the house component due to the rising costs of labour and materials, in 2005 the land component nearly matched that of the house component.

FIGURE 20

HOUSING STARTS, CANADA, 1955 - 2005

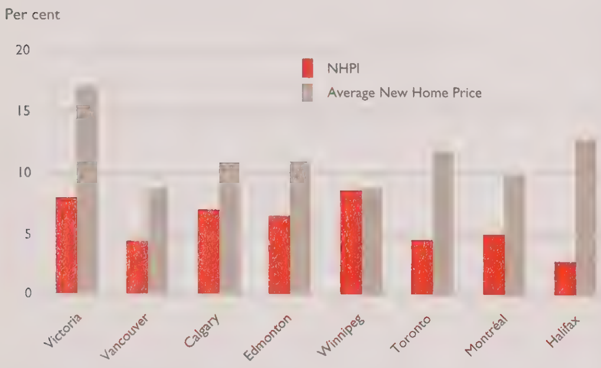


Source: CMHC (*Starts and Completions Survey*)

An alternative source of information on new home prices is CMHC's *Market Absorption Survey* (MAS). According to the MAS, the average price of a single detached new home in Canada increased 10.4 per cent in 2005, 5.4 percentage points more than the increase in the quality adjusted NHPI. This gives an indication of how the rising quality of homes purchased contributed to the rising level of prices for new homes in 2005. More expensive locations, larger homes, and homes with more features resulted in the average price rising by a faster rate than the NHPI in 2005.

FIGURE 21

GROWTH IN AVERAGE NEW HOME PRICE AND NEW HOUSE PRICE INDEX (NHPI), SELECTED URBAN CENTRES, 2005



The New House Price Index measures prices of new houses of constant quality. The average new house price measures actual sale prices of new houses. The difference between these two measures reflects changes in the size and quality of new houses currently being sold.

Source: CMHC (*Market Absorption Survey*) and adapted from Statistics Canada (CANSIM)

The average new home price outpaced the NHPI in most of Canada's larger urban centres (*see Figure 21*). The largest increase in the NHPI occurred in Winnipeg (8.5 per cent), while Halifax recorded one of the smallest increases at 2.8 per cent.

Existing home sales post a fifth consecutive record

The existing home market (as measured through MLS®) set a record high number of sales for a fifth consecutive year in 2005. MLS® sales increased 4.9 per cent to 483,200 units in 2005 (*see Figure 22*). Double digit increases were recorded in

47 Constant quality such that the specifications of a home do not change

FIGURE 22

RESIDENTIAL MLS® ACTIVITY, CANADA, 1980 - 2005

Source: Canadian Real Estate Association (Multiple Listings Service®)

Alberta and British Columbia thanks to strong employment and inter-provincial migration growth boosting housing demand. Central and Eastern Canada's net outflow of inter-provincial migrants negatively impacted housing demand. In Prince Edward Island, Newfoundland and Ontario, MLS® sales fell.

Sellers' market pushed existing home prices higher

The sales-to-new-listings ratio is an indicator of the relative balance between demand and supply in the existing home market. As new listings increase relative to sales, buyers can be more selective when making a purchase and typically have more bargaining power. For Canada as a whole, a ratio between 0.35 and 0.50 is associated with a balanced market and modest growth in prices, although these thresholds vary from centre to centre.

Ratios above 0.50 are associated with more rapidly rising prices—a "sellers market". With the supply of new listings rising at nearly the same pace as sales, the national sales-to-new-listings ratio was virtually unchanged in 2005 at 0.64 (*see Figure 23*). Since the existing home market was firmly in sellers' market territory, the average MLS® price increased by 10.2 per cent in 2005, the strongest increase in 16 years. Four consecutive years of strong price growth caused the average MLS® price to rise to just over $249,000 in 2005, an increase of 45.2 per cent from the 2001 average. The strongest MLS® price growth in 2005 was in Western Canada, with British Columbia and all three Prairie provinces recording increases above the national average.

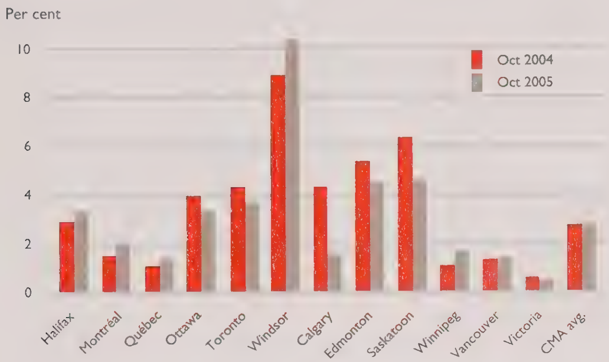
FIGURE 23

SALES-TO-NEW-LISTINGS RATIO AND MLS® PRICE

Source: Canadian Real Estate Association (Multiple Listings Service®)

FIGURE 24

AVERAGE PRIVATE APARTMENT VACANCY RATES, SELECTED URBAN CENTRES, 2004-2005



Vacancy rates are for privately initiated apartment structures of three of more units. CMA average is the weighted average of the rates in the Census Metropolitan Areas.

Source: CMHC (*Rental Market Survey*)

Rental apartment vacancy rate stabilizes

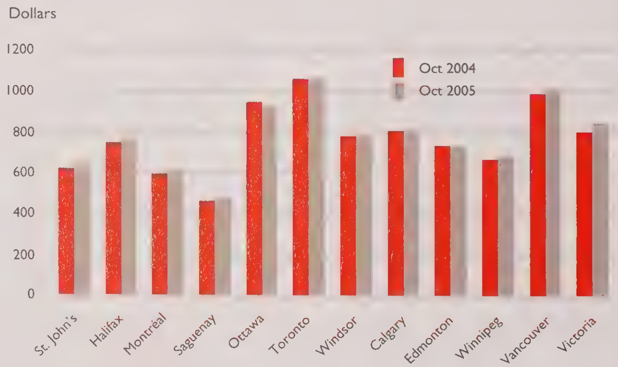
The average rental apartment vacancy rate in Canada's 28 major centres[48] was unchanged at 2.7 per cent in October 2005 compared to the previous year (*see Figure 24*). This follows three consecutive increases in the vacancy rate over the 2002 to 2004 period. The vacancy rate remains slightly below the average of 2.8 per cent between 1995 and 2004. In 2005, the vacancy rate was higher in 15 metropolitan areas, lower in 12, and unchanged in one.

The stabilizing of the vacancy rate across the major centres reflects a number of factors. Despite low mortgage rates, rising house prices have pushed mortgage carrying costs higher. As a result, the gap between the cost of home ownership and renting increased in most centres in 2005, which helped bolster demand for rental housing. High levels of immigration also bolstered rental demand as the majority of new Canadians initially settle in rental housing.

On the other hand, home ownership demand has remained strong, which can be seen from the high level of housing starts in 2005, thereby applying upward pressure on vacancy rates. The high level of condominium completions has added to this upward pressure. Condominiums compete with the rental market because they are a relatively inexpensive form of housing that are often purchased by renter households switching to home ownership. In some cases, condominiums also supplement the rental market as they may be purchased by investors who, in turn, rent them out. Therefore, to the extent that investor-held condominiums attract renter households away from the traditional rental market, they put upward pressure on vacancy rates.

FIGURE 25

AVERAGE RENT FOR TWO BEDROOM APARTMENTS, SELECTED URBAN CENTRES, 2004 - 2005



Average rents are for privately initiated apartment structures of three of more units.

Source: CMHC (*Rental Market Survey*)

48 Major centres are based on Statistics Canada Census Metropolitan Areas (CMAs) with the exception of the Ottawa-Gatineau CMA which is treated as two centres for Rental Market Survey purposes.

Condominium completions move higher

For the 12-month period covering October 2004 to September 2005, condo completions in all major centres were up 29.6 per cent to 48,700 units compared to the 37,600 units for the same period last year. Rental completions for the 12-month period ending in September 2005 were marginally ahead of last year's level and continued to add to the supply of rental dwellings in many centres. Rental completions across all major centres were up 1.1 per cent (15,200 units) compared to the same period last year (15,100).

Rent increases were modest in most centres

The average rent for two-bedroom apartments increased in 25 of the 28 major centres. However, in 15 of the 25 centres where the average rent was higher, the increases were small. The greatest increases occurred in Kitchener, Victoria, and Québec City where the average rent was up 6.0 per cent, 4.8 per cent, and 4.2 per cent, respectively. Overall, the average rent for two-bedroom apartments across Canada's 28 major centres increased by 1.6 per cent in October 2005 compared to the previous year.

The highest average monthly rents for two-bedroom apartments were in Toronto ($1,052), Vancouver ($1,004), Ottawa ($920), Oshawa ($855), Victoria ($837), Kitchener ($811), and Calgary ($808) *(see Figure 25)*. The lowest average rents were in Saguenay ($472), Trois-Rivières ($474), Sherbrooke ($505), and Saint John ($526).

Rental apartment availability rate unchanged in 2005

CMHC's *Rental Market Survey* (RMS) (*see sidebar*) also collected information on the availability of rental apartments. A unit is considered vacant if, at the time of the survey, it is physically unoccupied and ready for immediate rental. However, a rental unit is considered available if it is vacant or the existing tenant has given or has received notice to move, and a new tenant has not signed a lease. Because the availability rate includes vacant units, it will never be lower than the vacancy rate. The average rental apartment availability rate in Canada's 28 major centres remained at 3.9 per cent in October 2005, unchanged from October 2004. Availability rates were highest in Windsor (12.1 per cent), Hamilton (7.3 per cent), and Saint John (NB) (6.9 per cent), while the lowest rates were in Sherbrooke (1.4 per cent), Victoria ([illegible] per cent), Québec (1.6 per cent), and Trois-Rivières (1.6 per cent).

CMHC's *Rental Market Survey* Methodology

Canada Mortgage and Housing Corporation (CMHC) conducts the *Rental Market Survey* (RMS) every year in October to estimate the relative strengths in the rental market. The survey is conducted in all urban areas with populations of 10,000 and more. The survey targets only structures with at least three rental units, which have been on the market for at least three months.

The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of October and the results reflect market conditions at that time.

Definitions

Coverage: As of October 2005, the RMS universe consisted of 139,150 private structures/projects with 1,876,548 units, and 13,055 public structures/projects with 441,599 units.

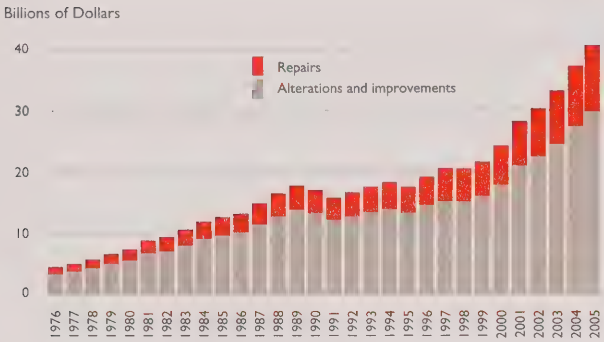
Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

FIGURE 26

RENOVATION ACTIVITY, CANADA, 1976 - 2005



Source: CMHC, adapted from Statistics Canada (CANSIM)

Renovation spending reached 40 billion dollars in 2005

Renovation spending has climbed steadily since 1999 due to the solid performance of the Canadian economy, and in particular, the strong performance of the housing and labour markets. Robust job growth has generated steady income gains, which has helped finance renovation projects and has given consumers the confidence to go ahead with the major expenditures that the renovations entail. Low mortgage rates and record sales of existing homes over the past several years have also contributed to the pick-up in renovation activity.

Total renovation spending is the combination of alterations and improvements, which accounts for nearly three quarters of renovation spending, as well as maintenance and repairs. Spending on alterations and improvements approached 30 billion dollars in 2005, an increase of 8.6 per cent *(see Figure 26)* compared to 2004. Total renovation spending, including repairs, reached 40.3 billion dollars in 2005.

Sales of existing homes are the principle driving force behind renovation spending. MLS® sales reached a record of more than 483,200 units in 2005, surpassing the previous record set in 2004 by over 22,000 sales. Generally, households tend to renovate within the first three years following the purchase of an existing home. The record setting pace of resale activity has provided a solid foundation for renovation spending, as new owners invest in home improvements.

Tapping into home equity through mortgage refinancing or secured lines of credit can be a practical way of financing larger renovation projects. Mortgage equity withdrawal was an attractive option in 2005 with the posted five-year mortgage rate hovering close to its lowest level since the early 1950s. At the same time, rising house prices increased the amount of equity available to homeowners to borrow against.

HOUSING

Finance

Another strong year for the mortgage market

Total mortgage credit outstanding[49] reached an annual average of $627 billion, up 10.1 per cent from the previous year. Record levels of existing home sales and high levels of housing starts contributed to the growth in mortgage market activity in 2005. However, the increase in property values, reflected in the 8.8 per cent increase in the average mortgage amount approved[50] during 2005, was the key driver of increased mortgage credit last year. The value of approvals for National Housing Act (NHA) mortgages[51] was up 13.3 per cent while the value of conventional mortgage approvals was up 9.0 per cent.

Since some loan approvals do not result in actual loans and all outstanding mortgages are being amortized while some are being discharged, the annual increase in mortgage credit outstanding is consistently less than the value of mortgages approved during that year. [illegible]

Note The ratio is calculated [illegible] during the same year

Source CMHC, MBS NHA [illegible]

49 CMHC, MBS, *Conventional Lending Survey*

50 CMHC, NHA approval system, *Conventional Lending Survey*

51 Mortgages with a loan to value (LTV) ratio greater than 75 per cent must be insured [illegible] with lower LTVs do not require insurance and are known as conventional mortgages

FIGURE 28

MORTGAGE SERVICE RATIOS, CANADA, 1980-2005

Note: Average mortgage payment calculated using the average MLS price, the fixed five-year mortgage rate and a ten per cent down payment.

Source: CMHC, adapted from Statistics Canada (CANSIM, unpublished data) and CREA (MLS®)

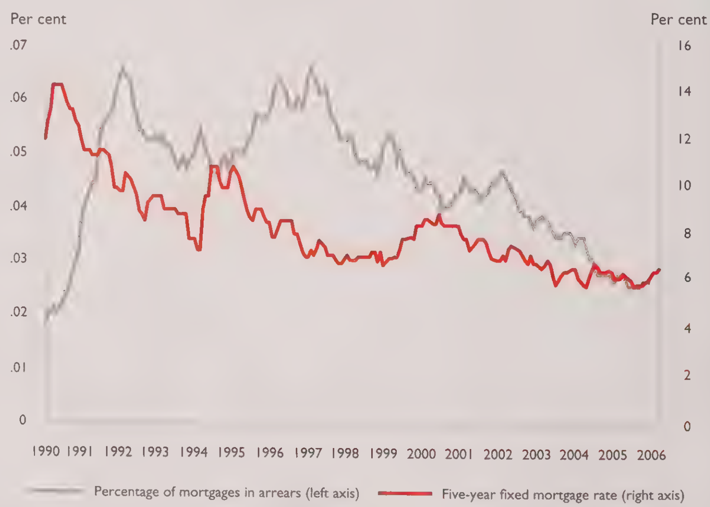
outstanding reflects how much additional mortgage debt consumers are willing to assume and hence is an indicator of demand while approvals, which show the amount lenders are prepared to lend, are an indicator of supply. The ratio between the change in outstanding mortgages and approvals is therefore an indicator of the balance between demand and supply in the mortgage market with a decline in the ratio implying there is a shift in favour of supply. This ratio has remained relatively low over the past decade, suggesting there is a plentiful supply of funds for mortgage lending.

Mortgage payments remained manageable

Canadians are taking on more debt. Total household credit increased by 8.0 per cent in 2005, while mortgages were up by slightly less (7.9 per cent). Mortgages accounted for 68.4 per cent of total household debt, down from a high of 74.5 per cent in 1993. The ratio of average mortgage debt to average aggregate after-tax income was about 30 per cent in 1970. By 2005, it had reached 80 per cent, moving up from 76 per cent the previous year. Despite this trend, on average, Canadian households have not taken on more mortgage debt than they can handle. This becomes clearer when we analyze the ratio of mortgage debt service to income levels, which remains relatively low by historical standards. Households purchasing a home in 2005 paid an average price of $249,300, implying a monthly mortgage

FIGURE 29

MORTGAGE RATES, ARREARS, CANADA, 1990-2006



Source : Canadian Bankers Association, Statistics Canada (CANSIM)

payment of $1,434.[52] This was a 7.2 per cent increase from the previous year, however, this was mostly offset by rising incomes. As a result, the ratio of monthly mortgage payment to after-tax household income remained around 31 per cent in 2005 *(see Figure 28)*. Indeed, when calculated on the basis of owners' average after-tax incomes, the payment falls to about a quarter, since their incomes are higher on average than those of renter households. The mortgage payment-to-income ratio remains well below the average since 1980, suggesting that home ownership remained within the grasp of the average Canadian household. Nevertheless, combined with higher heating costs, the rise in mortgage payments is making it more difficult for some households to qualify for a mortgage.

Despite the increase in mortgage debt, interest paid as a proportion of aggregate after-tax income remained constant at 4.5 per cent. This ratio is very low because it compares the interest paid on all mortgages to the after-tax incomes of all Canadians, not just the incomes of people paying off mortgages. As such, it is not an indicator of the average household's ability to service its mortgage, but it does capture the fact that mortgage rate changes can affect the economy and the housing market over a relatively long period. For example, mortgage rates began to decline in 1990 *(see Figure 29)*, but the ratio of mortgage interest paid to national disposable income continued to increase until 1995, when it peaked at 6.5 per cent. That peak coincided with the lowest level of housing starts in 35 years. The decline in the ratio in 2005 was due in part to rising incomes, but the key factor was lower interest rates. Mortgage rates in 2005 were lower on average than they had been in 2004. Therefore, the interest burden on mortgages declined in 2005 due to people renewing mortgages at lower rates, converting from higher fixed-rate to variable-rate mortgages, and taking out new mortgages. Together, these factors caused the ratio of total interest paid as a proportion of all outstanding mortgages to decrease to 5.6 per cent in 2005 from 6.0 per cent the previous year.

FAST **Facts**

- Value of mortgages approved was up 10.9 per cent to $182.1 billion. Average value of mortgage approved was $145 thousand, an increase of 8.8 per cent from 2004.
- Value of mortgages outstanding averaged $624 billion during 2005, up $55.7 billion from the average during 2004.
- Five year fixed mortgage rate averaged 6.0 per cent. The spread between the five-year fixed and the open variable rate narrowed to 1.3 percentage points by the end of the year.
- Through mortgage-backed securities, investors held 16.3 per cent of average mortgages outstanding, up from 14.4 per cent in 2004. Banks held 60.6 per cent of mortgages, down from 62 per cent in 2004.
- About 27 per cent of people obtaining, renewing or refinancing mortgages arranged them through brokers, similar to the percentage in 2004 but up from 14 per cent in 1999.

The decline in mortgage interest paid, compared to incomes, had a positive impact on arrears. In 2005, about one in 400 households fell three or more months behind in their mortgage payments, the lowest rate since 1990. With mortgage rates beginning to rise, it is possible that the proportion of households in arrears has touched bottom. Typically, the proportion of households in arrears begins to mount about two years after a rise in interest rates *(see Figure 29)*.

52 The calculation of the monthly mortgage payment assumes that the homebuyer makes a ten per cent down payment on a home purchased at the average price of $249,300. The resulting mortgage of $224,370 is then financed at a rate of 6.0 per cent, the average five-year fixed mortgage rate in 2005.

MORTGAGE CONSUMERS' Choices

CMHC's Mortgage Consumer Survey has tracked mortgage consumers' attitudes and behaviours since 1999. The 2005 survey focused only on "active mortgage consumers"—those who acquired, renewed or refinanced a mortgage on their current home in the past twelve months. In the 2005 survey, just under four in ten active mortgage consumers acquired a new mortgage due to a purchase (about equally divided between first-time and repeat buyers) and a slightly higher percentage were renewers. Nearly a fifth of mortgage clients were refinancers who accessed some of the equity they had in their homes. For the first time, the survey included information about obtaining or renegotiating a secured line of credit in the past year and uses of secured lines of credit. Key findings of the survey include the following.

Mortgage consumers are loyal

- About eight in ten mortgage consumers got in touch with their regular financial institution to discuss their mortgage options. Most are interested in a personal relationship. Among those contacting their lender, most met with the lender in person at the branch (about 70 percent), while about 14 per cent met with a mobile mortgage specialist.
- About one third of active mortgage consumers contacted a financial institution other than their regular one, either by phone or in person. On average, they obtained information from two or three, but conducted negotiations with only one or two institutions.
- Ultimately, most mortgage customers stayed with their current lender. As in past surveys, loyalty was high among renewers (87 per cent), refinancers (83 per cent) and repeat buyers (80 per cent). About 62 per cent of first-time buyers stayed with their current financial institution.
- Most homebuyers (74 per cent) got mortgage pre-approvals. Among those who got pre-approvals, close to forty per cent got two or more. Most of those who got a pre-approval from a broker used a broker for their mortgage; similarly, most of those who got a pre-approval from a lender used a lender for their mortgage.

More renewers negotiate, particularly about mortgage rates

- Over the past two years, the survey has detected an increased tendency for renewers to seek changes in their lender's original offer. In 2005, only half, the lowest proportion since the survey began, accepted their lender's initial offer without any further negotiations.
- Among the renewers who negotiated, about half sought a change in the mortgage rate. Among those renewing ahead of schedule, 14 per cent changed to a fixed-rate mortgage and none changed to a variable-rate mortgage. Among those renewing on schedule, about a fifth changed to a fixed-rate mortgage, while 12 per cent changed to a variable-rate mortgage.

Refinancers respond to lender marketing

- As in 2004, almost all refinancers did so by increasing an existing mortgage and only a few obtained a new mortgage. Close to 40 per cent of those increasing their mortage did so at the scheduled time for renewal. About 38 per cent learned about the refinancing option from their current lender, up from 31 per cent the previous year.

The Internet is a popular information source but not a transaction tool

- In 2005, about half of purchasers and refinancers but only a quarter of renewers used the Internet to get mortgage information. The proportion has steadily increased for homebuyers since 1999, but has remained relatively stable for renewers. Among those using the Internet, most checked interest rates, got general information about mortgages, and learned about mortgage products and options. Many

(57 per cent) went on the Internet to use a mortgage calculator to assess how large a mortgage they could afford and to compute mortgage payments. The primary sites visited for such information are those of financial institutions (52 per cent mention) followed by real estate sites (14 per cent).

- A majority of those who used the Internet, especially refinancers, said that it influenced at least somewhat the mortgage options selected, their choice of lender, and the way they negotiated their mortgage.
- Fewer than one-in-ten purchasers and renewers used the Internet to apply on-line for a mortgage or a pre-approval, to make payments, or to conduct other mortgage operations (e.g. arrange a skip payment). However, nearly three times as many said that in the next two to three years, they would be willing to submit personal information to apply for a mortgage through the Internet.
- Internet usage is affected by the fact that a sizeable majority of active mortgage consumers consider that establishing a personal relationship with a service representative is an essential part of mortgage negotiations.

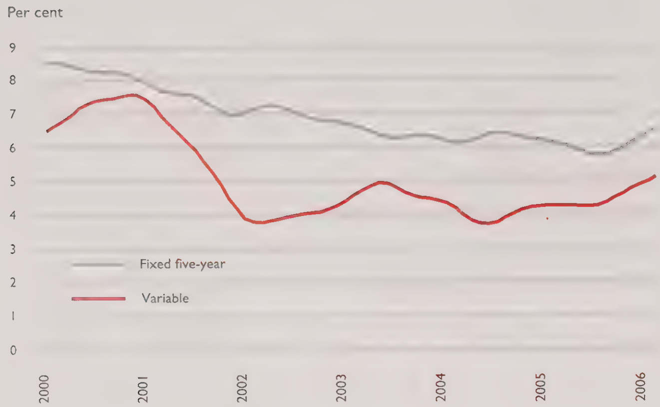
Many mortgage consumers are aware of the services of mortgage brokers

- Most mortgage consumers (69 per cent) were aware of mortgage brokers and their services, a finding consistent with those of the 2004 and earlier surveys. One-quarter of mortgage consumers contacted a mortgage broker while shopping for their mortgage. First-time buyers and refinancers had a higher incidence of contacting a broker (31 per cent) than did renewers (18 per cent).
- As in past surveys, first-time buyers had the highest incidence of arranging their mortgage through a broker (28 per cent), followed by repeat buyers (24 per cent), refinancers (16 per cent), and renewers (8 per cent).
- Mortgage consumers use brokers to get the best rate (43 per cent), to benefit from expertise (26 per cent, including 35 per cent of first-time buyers and 12 per cent of repeat buyers) and to make the process simpler and easier (19 per cent). Those not using brokers preferred to arrange their mortgage themselves (18 per cent), believed they could get the same or a better rate elsewhere (16 per cent), and were comfortable dealing with their current lender (15 per cent).
- The great majority of active mortgage consumers (87 per cent) who used a broker to arrange their mortgage were satisfied. They felt the broker listened to their needs (95 per cent agree), that they understood the options available (92 per cent) and got the best deal for their needs (92 per cent). However, 36 per cent found the experience stressful and 24 per cent verified the advice they received with another source.

Secured lines of credit are popular for financing renovations, investments, and large purchases

- Mortgage-free homeowners who obtained secured credit lines did so because they have low interest rates (38 per cent), no forced amortization (26 per cent) and allow convenient access to funds (20 per cent).
- Close to 40 per cent of households with a mortgage also had a secured line of credit.
- Reasons for using a secured line of credit include: renovations (26 per cent for active mortgage consumers with a mortgage and 18 per cent for those with no mortgage); large purchases (11 per cent for those with a mortgage and 25 per cent for those without) and investments (13 per cent for those with a mortgage and 12 per cent for those without). About 9 per cent of mortgage-free households and 15 per cent of households with a mortgage considered a secured line of credit as a reserve for emergencies.
- Most active mortgage consumers without a secured line of credit knew of this product and about 40 per cent were interested in obtaining one in order to finance renovations, investments or large purchases.

FIGURE 30
POSTED MORTGAGE RATES, CANADA, 2000-2005



Note: Data adjusted for seasonality and irregularity

Posted rates may not reflect what people are paying since discounting is common. Discounting implies keen competition among lenders, but customers must negotiate to benefit.

Source: CMHC, adapted from Statistics Canada (CANSIM) and CANNEX

Mortgage rates begin to move up

Mortgage rates remained low, but in some ways 2005 was a turning point. Since 2000, the fixed 3-year and 5-year mortgage rates moved down steadily. The Bank of Canada lowered its target for the overnight rate sharply during 2001, causing the variable and the 1-year fixed mortgage rates to follow suit and the spread between these rates and the longer-term fixed rates widened *(see Figure 30)*. By the fall of 2005, the Bank of Canada began to raise its target for the overnight rate to pre-empt potential inflationary pressures. At the same time bond yields began to rise, possibly due to higher inflation expectations reflecting the recent rise in energy prices, and longer-term mortgage rates moved higher. As a result, the spread between fixed- and variable-mortgage rates stabilized.

The spread between five-year and one-year posted fixed mortgage rates, which had been as wide as 200 basis points[53] in mid-2004 fell to 50 basis points by the end of 2005. Similarly, the average spread between the fixed five-year rate and the open variable mortgage rate of 223 basis points in 2004 was reduced to 157.5 basis points in 2005 and had fallen to 130 basis points by September.

The spread between bond yields and the posted 5-year mortgage rate remained close to 240 basis points in 2005, the average since 2000, compared to about 190 basis points during the 1990s.

Popularity of variable-rate mortgages remained high

During 2005, about 35 per cent of homeowners obtaining or renewing a mortgage chose a variable rate[54]. The high incidence of new variable-rate mortgages during 2005 meant that their share of total mortgages outstanding increased to 29 per cent by the end of the year. This popularity is clearly linked to the lower interest rates available on variable-rate mortgages compared to fixed-rate mortgages. While the difference between fixed and variable rates has narrowed somewhat in recent years, it continues to favour variable-rate mortgages.

The popularity of variable-rate mortgages may also reflect a growing sense that the risk associated with floating rates on the part of both borrowers and lenders can be managed. With hindsight, it is possible to compare the cost of a five-year fixed-rate mortgage with that of a variable rate over any five year period. *(see Figure 31).* The chart shows the monthly payment on both a fixed-rate and variable-rate mortgage. The fixed-rate mortgage payment is based on the five-year fixed rate prevailing at the time a mortgage is taken out, while the monthly payment on the variable-rate mortgage is based on the variable rate averaged over the entire five-year term starting on the date the mortgage is

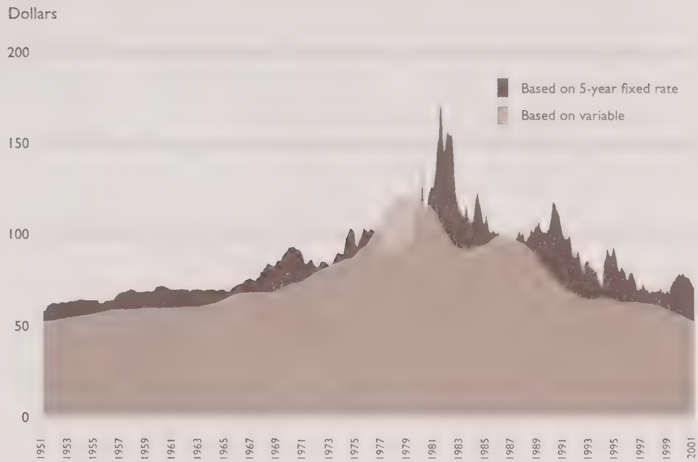
53 100 basis points equal one percentage point

54 Clayton Research and Ipsos-Reid, *Financial Industry Research Monitor (FIRM) Residential Mortgage Survey*, September 2005

taken out.[55] Between 1951 and 2001, the payment based on variable mortgage rates was lower than the one based on fixed rates 88 per cent of the time. Given the current narrow spread between fixed and variable mortgage rates, the advantage of variable-rate mortgages in terms of lowering monthly payments is likely to have decreased.

FIGURE 31

VARIABLE AND FIXED RATE MORTGAGE PAYMENTS, CANADA, 1951-2001



Note: Average monthly payment per $10,000 of principal with 25 year amortization using either the fixed 5 year rate at the beginning of mortgage or the average of variable rates over the next 5 years. Variable rates estimated using prime rate.

Source: CMHC, adapted from Statistics Canada (CANSIM)

The evolving mortgage market

Financial institutions, such as chartered banks, credit unions, and trust companies, borrow money by selling guaranteed investment certificates (GICs) or other interest-bearing securities[56] to fund the mortgages they originate. The interest rate on these securities determines the institutions' cost of funds and the mortgage rate they charge homebuyers ensures their revenues are higher than this cost of funds. A retail branch network facilitates both selling GICs and originating mortgages.

The introduction of mortgage-backed securities (MBS) helped to supplement the funding for mortgages obtained from the sale of GICs and other interest-bearing securities. Because each property and homebuyer is unique, each mortgage is also unique. In the process known as securitization, lenders group mortgages with similar characteristics into pools, transforming them into a standardized product known as an MBS. The monthly principal and interest payments on the mortages in the pool, less administrative fees, are passed on to the MBS investors on a prorated basis. As a standardized product, MBS are easily traded and can be sold in amounts accessible to all types of investors. MBS allow households to invest in mortgages and earn a higher return on their savings than they can with term deposits.

The introduction of MBS allowed a new mortgage lending model to emerge in recent years. Funding is being increasingly obtained through securitization. A rising share of mortgage origination is being outsourced to mortgage brokers. The proportion of housing purchasers who obtained their mortgage through a broker has risen from 14 per cent in 1999 to 27 per cent in 2005. In this model, the difference between the mortgage rate and the rate associated with the cost of funds is smaller, but a branch network is no longer necessary.

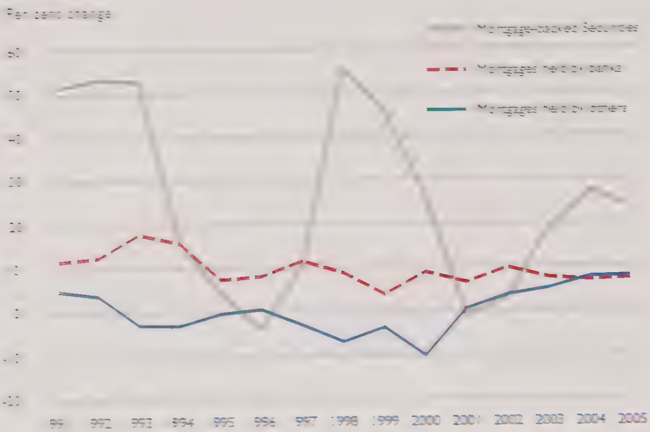
Mortgage-backed securities have proven popular and issuance of these securities has grown rapidly *(see Figure 32)*. Securitization products have been adapted to reflect market needs. Mortgage securitization began with the introduction of the NHA MBS program in 1987. Only insured mortgages were eligible for securitization, but issuers could buy portfolio insurance for conventional mortgages to make them eligible. When growth slowed in

55 Using data to the end of 2005, the analysis can be completed for mortgages taken out at the end of 2000 or earlier. For mortgages taken out in 2001 or later, data for a complete 5-year period to calculate the average interest rate on variable-rate mortgages is not yet available.

56 Insurance companies, who also originate mortgages, funded their mortgage operations with the premiums received by their policy holders.

FIGURE 32

GROWTH IN VALUE OF MORTGAGES OUTSTANDING, CANADA, 1991-2005



Note: Others includes Trust, Life insurance, and Finance companies, non-depository credit intermediaries, Pension Funds, Credit Unions and Caisses Populaires.

Source: CMHC (MBS), and adapted from Statistics Canada (CANSIM)

the mid-1990s, the introduction of securitization for uninsured mortgages through Special Purpose Corporations contributed to another growth spurt.

The introduction of the Canada Mortgage Bond (CMB) in 2001 marked the beginning of a third stage in the evolution of mortgage securitization. If MBS investors wish to maintain the level of their investment, they must reinvest the amortization payments they receive on a monthly basis as well as any prepayments made on the underlying mortgages. The risk that these receipts cannot be reinvested at rates of return similar to those of the original investment is known as prepayment risk, and is of concern to MBS investors, particularly in a period of declining interest rates, as was the case until June

Evolving Regulatory Framework for Housing Finance

Changing capital requirements under Basel II

A new framework for capital adequacy, established by the Bank of International Settlements' Basel Committee, is anticipated to be ready for implementation by late 2006 or early 2007. The proposed changes associated with Basel II will align capital requirements more closely to the risk of credit loss, thereby enabling more sophisticated financial institutions to hold less capital than other institutions for the same type of transaction. Under Basel II, the reserve requirement for lending institutions on mortgage-related debt will decline, possibly resulting in decreased demand for mortgage insurance as a risk mitigation tool. Currently, Basel II would only impact demand for low ratio mortgage insurance products (i.e., mortgages whose value is less than 75 per cent of the value of the property) as there is a statutory requirement for mortgage insurance on high-ratio mortgage loans.

Government of Canada proposes changes to mortgage insurance requirements

As part of its periodic review of financial institutions statutes, the Government of Canada has sought industry input on a proposal to remove the statutory requirement under the Bank Act for mortgage loan insurance on high-ratio mortgage loans in order to provide greater flexibility to residential mortgage providers and homebuyers alike. After reviewing submissions from a range of stakeholders, the Government of Canada outlined its policy proposals in a June 2006 white paper (*2006 Financial Institutions Legislation Review: Proposals for an Effective and Efficient Financial Services Framework*). The Government has concluded that because of improvements in lenders' risk management practices, strengthened regulatory supervision of financial institutions including the implementation of risk-based capital requirements, and the maturing of capital markets, the statutory requirement for mortgage insurance may no longer serve the same prudential purpose as in the past. However, a complete and immediate removal of the requirement might have undesirable effects for lenders and borrowers. Instead, it is proposed that the loan-to-value ratio at which consumers would be required to purchase mortgage insurance be raised to 80 per cent, from the current 75 per cent.

2005. Under the CMB program, the Canada Housing Trust sells bonds with semi-annual coupons and full principal repayment at maturity to investors who wish to avoid prepayment risk and uses the proceeds to purchase MBS. It enters into agreements (i.e. swaps) with other investors to exchange the monthly MBS receipts for an income stream which matches its obligations on the CMBs it has issued. The elimination of prepayment risk makes CMBs an attractive investment vehicle, but after several years of strong growth, CMB issuance declined in 2005.

Variable-rate MBS was introduced as a pilot in 2003, and total issuance reached $13.6 billion by the end of 2005. Adjustable rate and fixed spread floating rate MBS pool types were introduced in 2005, and together with variable rate MBS represented nearly 27 per cent of the $46 billion of MBS issued in 2005. Despite the contributions from these innovations, growth in overall MBS outstanding decelerated. With over $100 billion outstanding and as the second-largest mortgage funding source, the MBS market is beginning to mature.

SIXTY YEARS OF

Housing Progress in Canada

2006 marks Canada Mortgage and Housing Corporation's 60th anniversary. In recognition of this milestone, this chapter takes the opportunity to reflect on the past 60 years of housing in Canada – the highlights of that period, the achievements, and the challenges ahead.

The housing sector and housing conditions have changed dramatically over the past six decades. In the early 1940s, Canada had a housing stock of under three million units (compared to twelve and a half million now). Less than half, for example, had an installed bath or shower, and close to 30 percent of dwellings were in need of major repair *(see Figure 33)*. Canada had a rudimentary housing finance market – banks were not involved, and there was no residential land development industry such as exists today.

The immediate challenge was housing the returning veterans and meeting new household demand as the new optimism fuelled the marriage rate, and swelling immigration and rising post-war prosperity pushed up household formation, placing tremendous demands on the housing sector.

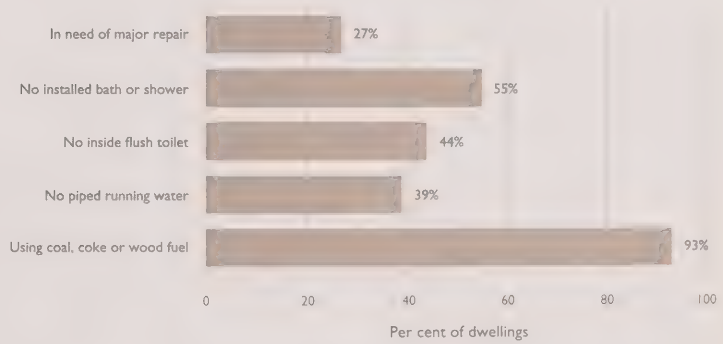
It was in this environment that Central Mortgage and Housing Corporation was incorporated on January 1, 1946 (changed to "Canada" Mortgage and Housing Corporation in 1979) to ensure there was housing for returning veterans and to lead the nation's housing programs in the new era.

The 1940s: laying the foundations for post-war housing improvement

By the end of the forties, the challenge had been taken up, with annual housing starts reaching 90,000 compared to an average of 50,000 in the first half of the decade, and three times the annual average of 30,000 in the thirties. Problems in rental production, shortfalls in subsidised housing, and limited choice in housing design were tackled through new government initiatives.

FIGURE 33

HOUSING CONDITIONS AT THE START OF THE FORTIES



Source: 1941 Census of Canada

Increasing supply

In this period, there was no mortgage insurance. Instead, the instrument to ease access to ownership was the joint loan under which the borrower could receive up to 80 per cent of the lending value, with the lending institution providing three quarters of this amount and the federal government providing the other quarter.

Joint loans were available for ownership and for rental. However, owing to low profitability and rent controls following the war, builders stopped constructing rental housing. To address this, in 1948 a rental insurance plan was introduced under which the building owners paid CMHC to guarantee a minimum return on rentals. Maximum rent under the plan could not exceed $84. Close to 10,000 units were approved under the plan by the end of the following year.

Even with success in increasing supply, it was recognised that some households would be unable to find housing on the market within their means, and that government help would be needed. One of the first and also the largest, subsidized housing developments in Canada (Benny Farm, in Montréal) was constructed by CMHC in 1946.

The urgency of the need for housing called for innovative responses. One of these was the conversion by CMHC of a 3,000-acre former ammunition factory complex in Ajax, Ontario into one of Canada's first comprehensively planned communities.

Providing tools for the industry

Choice was limited when it came to house design, and the box bungalow was the norm at the start of the post-war period. With all the new housing coming on stream, it was important to ensure that buyers had real choices and that the housing was well designed. The publication of *67 Homes for Canadians* in 1948 expanded the options *(see Figure 34)*. Over 29,000 copies of the CMHC document were sold by the end of the year, and the publication played a major role in shaping housing design in the next two decades.

The industry need for comprehensive data on housing trends was also recognised. This led to the first issue of *Housing in Canada* (later *Canadian Housing Statistics*) in

FIGURE 34

67 HOMES FOR CANADIANS

Source: CMHC

October 1946, which provided monthly data on starts and completions, building and labour costs, population trends and lending activity.

The 1950s: from home building to community building

The challenge of providing housing for low-income households continued to occupy the government in the fifties, prompting new partnerships and new mechanisms. For market housing, the supply of mortgage money rather than the level of demand was the major constraint on activity, and led to measures to enhance and expand the mortgage market. These enabled the funding of close to 1.2 million starts in the decade, bringing the stock to 4.7 million units by 1961.

Remodelling the mortgage market

In the early fifties, the mortgage market was showing signs of strain in keeping up with the demand for funds. This placed impediments on construction and access to housing, and meant a continued dependence on public funding. In 1954, the government took two steps to address this. The first of these was to amend the Bank Act and allow chartered banks to enter the mortgage market and make National Housing Act (NHA) loans. The second was the introduction of mortgage loan insurance to replace the old joint loan program.

NHA mortgage loan insurance was designed to expand access to homeownership by enabling homeowners to buy a home with a low down payment, and to support rental production (*see Figure 35 for a description of NHA mortgage insurance at the outset*). To make them more attractive, the NHA allowed sale of insured mortgages enabling the development of a secondary mortgage market. By the end of the fifties, NHA insurance in force was over $2.7 billion.

FIGURE 35

NHA MORTGAGE INSURANCE AT THE OUTSET

Tenure	Homeowner and rental
Housing Type	New construction only
Amortization	25 years only
Term	25 year only
Loan type	Fixed rate only
Interest rate	Maximum rate in force
Loan amount	Only up to a maximum

Source: *Evaluation of NHA Mortgage Insurance*, CMHC, April 1987

Fostering housing partnerships

Throughout the fifties, CMHC increasingly sought to involve provinces, municipalities and non-profit groups. These partnerships enabled the pooling of resources and expertise in addressing housing problems of low-income households and in improving urban neighbourhoods.

Partnerships with provinces were the way ahead chosen for public housing. In 1950, Newfoundland celebrated its entry into Canada by being the first to sign an agreement under the new federal-provincial public housing program under which costs and subsidies were shared 75 per cent by the federal government and 25 per cent by the province. The first project consisted of 140 subsidized rent-to-income units in St. John's, Newfoundland. Around 7,000 rental housing units were completed in the first ten years of this program.

During this era, non-profit groups began their long involvement in helping create housing for those of low or modest income. In 1956, more than half the units approved under the Limited Dividend Program were to non-profit groups.

The federal government also provided grants to cities, to encourage them to tear down derelict buildings and build assisted housing. Regent Park in Toronto was the first urban renewal project, where 42 acres were cleared to build a 1,056-unit, low-rent development in 1950.

Influencing housing design and type

New materials and new construction methods were making it possible to lower costs without sacrificing quality. In 1957, to test new approaches and encourage their adoption, the Canadian Home Builders' Association (CHBA), in partnership with CMHC and the National Research Council, built its first demonstration houses - the *Mark Series* of homes. The project brought about a number of changes to building practices and the building code.

The days of the old box bungalow had clearly gone. Houses were more luxurious and larger. But there was also concern that homes for those of modest income were being squeezed out. This led to the Small Homes Loans Program in 1957 under which 13,000 direct CMHC loans were approved.

1960s: the emergence of Canadian cities

Where innovation in the previous two decades was aimed at reducing construction time, builders now turned to enhancing performance, quality and consumer appeal. It was a period of remarkable achievements. Units in need of major repair fell from 254,000 at the start of the decade to less than 150,000 at the end and the number lacking a bath or shower dropped by over 50 per cent to 440,000. Annual dwelling starts hit over 200,000 for the first time (210,000 in 1969), and over one and a half million units were added to the stock, bringing it to 6.3 million units by 1971. Rapid urban growth was, however, posing challenges to municipalities, and straining existing infrastructure.

From slum clearance to revitalization

Urban renewal was aggressively pursued across Canadian cities in the sixties. As the decade drew to a close however, there was increasing resistance to the replacement of deteriorated inner city neighbourhoods with public housing. This came to a head in Vancouver in 1969 when resident opposition to the redevelopment of the deteriorated area housing Vancouver's Chinese community with high-rise public housing led CMHC to impose a moratorium on further developments. The community, city, province and CMHC then worked together to develop a plan for renovation and revitalization of the neighbourhood. The Strathcona Project (as it became known) was the first example of citizen participation in project planning in Canada – becoming a model for future programs.

To help cities deal with rapid urban growth, CMHC introduced the Municipal Infrastructure Program in 1960, providing loans for water and sewage treatment projects. By 1978, when the program ended, 6,000 projects valued at more than $2 billion had been completed.

The year 1966 also gave a foretaste of what was to come in the next decade – mixed income housing – in the form of the first co-operative housing. This was a 174-unit complex in Willow Park, Winnipeg, built by CMHC. These early beginnings, were to lead to the Co-operative Housing Program in 1973 - lasting 20 years, and producing close to 70,000 units in total.

Advancing and disseminating technology

Wood frame construction had come a long way since the war, but there was no systematic and comprehensive documentation to inform and guide builders on techniques and standards and to foster the dissemination of wood-frame technology. To fill this gap, CMHC brought out the first edition of *Canadian Wood Frame House Construction* in 1967. This publication covers everything from site excavation to completion. It has been through many editions to keep abreast of changing techniques, materials and standards, with the latest being based on the 2005 Building Code.

One project that led to advances in materials and construction was the design and development of Habitat for Expo 67. Habitat was funded by CMHC, and used stacked building for higher density *(see Figure 36)*. This was not the first international exposure for Canadian technology. The export of Canadian housing technology actually began in 1966, when CMHC, as part of the first international project, constructed 173 wood-frame houses in Harlow, England.

FIGURE 36

HABITAT FOR EXPO 67

Source: CMHC

The 1970s: focus on affordability and social housing

The seventies was a decade of high inflation. Household formation rose sharply as baby boomers left home. Land costs tripled, interest rates hit new highs, and energy costs soared. Deteriorating affordability was tackled through subsidy programs that eased access and encouraged medium density modest homes and low cost rental housing. Supported by government programs, housing starts totalled over 2.4 million units bringing the stock to 8.76 million units by 1981. Disillusionment with large-scale public housing developments continued and led to new approaches to providing housing for those in need.

Supporting affordability

This was an active period for government programs. The need for modest homes made the housing sector an ideal choice for economic stimulation. The vehicles were the Assisted Home Ownership Program (AHOP) and the Assisted Rental Program (ARP). Under AHOP, the lower a family's income, the more assistance it received, with

subsidies declining over time. ARP provided grants (later interest free loans) to developers to make modest rental projects viable. 161,000 AHOP and 123,000 ARP units were funded in the decade. The initiative created a large number of low-cost units, which dampened price pressures and still today provide a pool of modest cost housing.

During this period, there were several CMHC innovative demonstration projects to promote medium density development. These included the Mill Woods subdivision in Edmonton to test planning for small lots, and LeBreton Flats, an innovative development in Ottawa featuring solar water heaters and district heating.

While AHOP and ARP targeted households of modest income, the costs were still too high for low-income households. For them, the answer in the sixties had been large-scale public housing. In the mid seventies, this approach was dropped in favour of mixed-income smaller scale non-profit and cooperative housing. Slum clearance too, gave way to neighbourhood regeneration through the use of programs targeting renovation, community services and infrastructure. The Neighbourhood Improvement Program gave $202 million in grants and $64 million in loans to 319 municipalities for restoration of the urban core. The Residential Rehabilitation and Assistance Program (RRAP) was also one of the programs introduced at this time (1973). Energy retrofit programs were also provided through CMHC to help owners reduce their heating costs and to support conservation.

Helping Aboriginal households

In 1971, to assist rural Aboriginal people with urgent housing repairs, CMHC introduced the Winter Warmth Assistance Program - followed in 1974 by the Rural and Native Housing Program (RNH) for construction or acquisition of units for rural low- income households (*see Figure 37 for an example of the housing produced under the RNH program in the 1970s)*. The program met its 50,000 unit goal by 1980.

In 1978, increasing need for housing by aboriginal people in cities led to the creation of the Urban Native Non-Profit Housing Program, which, by the end of the eighties was providing assistance to over 7,000 households.

FIGURE 37

1970'S RURAL AND NATIVE HOUSING UNIT

Source: CMHC 1976 Annual Report

The 1980s: laying a new foundation for affordability and quality

Mortgage rates hit 20 per cent at the start of the decade, and housing starts dropped to their lowest level in 20 years (126,000) in 1982. While the housing stock increased by only 1.25 million units between 1981 and 1991 (over a million units less than in the previous decade), this was enough to push the total over ten million units. Government programs focused on improving the mortgage market to lower the cost of funds, and on encouragement of energy efficiency and innovation. By the mid-eighties, there was concern too that funding mixed-income projects under social housing was not sufficiently targeting assistance to those most in need.

Remodelling the housing capital market

In 1986, to make sure that Canadian housing finance markets would continue to provide a stable and ample source of funds at the lowest possible cost, CMHC introduced Mortgage Backed Securities (MBS). These improve the liquidity of the secondary mortgage market and widen the sources of funding (about half are sold to foreign investors).

Mortgage backed securities have proven very successful, with the volume outstanding reaching over $100 billion by the end of 2005.

Encouraging energy conservation, innovation and research

Soaring energy prices led Energy, Mines and Resources, (now Natural Resources Canada), in partnership with CHBA, to launch the R2000 Super Energy Efficient Home Program in 1984. This promotes the "house as a system" concept that takes into account the flows of heat, air and moisture. Over 10,000 R2000 units have been built and the technology has been exported to Europe and Japan.

Research, innovation and technology transfer are prerequisites for continuous improvement in Canada's housing. CMHC's Housing Awards Program was established in 1988 as a vehicle to identify significant advances and ensure that they are shared across the country. Other initiatives in this decade by CMHC included a Job Site Innovator Awards Program and the Housing Technology Incentives Program. In 1986, the National Housing Research Committee (NHRC) was established by CMHC to bring key housing sector stakeholders together to ensure more effective research. The Committee and its various working groups are still active today.

Targeting assistance to those in need

While in the seventies, the reaction against large public housing projects had led to mixed income social housing projects, the pendulum swung back in 1986. While there was to be no return to the huge public housing complexes of earlier decades, all new federal social housing assistance had to be targeted to those in need.

New kinds of operating agreements were entered into with the provinces and territories. These outlined high level federal requirements for a range of programs, with provinces/territories taking on responsibility for delivery within these parameters where they cost shared at least 25 per cent.

It was through these agreements that the concept of core housing need was agreed to with provinces/territories and was used for purposes of allocating program resources.

These federal-provincial-territorial agreements supported significant levels of social housing activity *(see Figure 38 for a snapshot of activity at the end of the decade).*

FIGURE 38

SNAPSHOT: ONE YEAR'S SOCIAL HOUSING COMMITMENTS – 1989

	Units
Non-profit and co-operative	9,881
Urban Native	906
On reserve	1,571
Rural and Native	2,233
Rent supplement (private market & coop)	3,227
Total	17,818

Source: CMHC 1989 Annual Report

The 1990s: a new era for building science

Sustainability, and health and lifestyle concerns, began to drive advances in housing technology in the nineties. At the same time, government roles and responsibilities in social housing were being redefined, and the NHA mortgage insurance operation was being fine-tuned to effectively compete on a commercial basis in a changing housing finance market.

Interest rates declined to levels not seen for over 30 years in the nineties, and the housing stock grew by two and a half million units, reaching over 12.5 million units by 2001.

New roles and new initiatives

With the decision to streamline government housing roles, CMHC was involved in negotiating the transfer of management for the social housing portfolio to the provinces and territories. By the end of the nineties, agreements had been signed with six provinces and all three territories transferring the administration of over 50 per cent of the portfolio.

In developing the housing portfolio, as in other housing initiatives, CMHC has placed emphasis on partnerships as a way of bringing together resources and expertise. In 1991, the Corporation established the Canadian Centre for Public-Private Partnerships in Housing (CCPPPH) to enhance its capability to foster partnerships in developing affordable housing. Since then, 40,000 affordable housing units have been facilitated by the Centre, without the need for ongoing subsidy.

In the late 1980s, regulatory reform was identified as a vehicle through which affordable housing choices could be expanded at the local community level. Recognizing the need for collaborative approaches between homebuilders, affordable housing providers and local government decision makers, CMHC introduced the Affordability and Choice Today (ACT) program in 1990, in partnership

with the Federation of Canadian Municipalities (FCM), the Canadian Home Builders Association (CHBA) and the Canadian Housing and Renewal Association (CHRA). The program supports local projects that demonstrate or promote changes in planning processes and building regulations that will improve the affordability of housing. The results are shared with communities across the country.

Partnerships with the industry have been instrumental in fostering Canada's housing related export trade (which accounts for close to $10 billion). The Canadian Housing Export Centre (now CMHC International) was set up in 1997 and its activities have included trade missions, assisting governments in housing systems reforms, as well as providing market intelligence to Canadian industry.

In the field of housing finance, advances in technology were seized upon to speed up the NHA application approval process, making it easier for homebuyers to obtain mortgage insurance. The automated underwriting system, **emili**, introduced in 1996 reduced approval times from days to seconds. The decade also saw the minimum downpayment on NHA homeownership loans being reduced to five per cent for first time homebuyers in 1992 (extended to all homeownership loans in 1998).

Healthy and adaptable housing

The Healthy Housing™ initiative focused on raising awareness of housing innovations that promote occupant health, energy efficiency, resource conservation, positive environmental impact and affordability. Toronto's healthy house, a winner of CMHC's design competition, draws on sun and rain for heating, electricity, and water and waste management *(see Figure 39).*

FIGURE 39

TORONTO HEALTHY HOUSE

Source: CMHC

Changing demographics and lifestyles underlined the need for housing designed and built to be flexible and readily modified. This gave rise to CMHC's FlexHousing™ initiative which, through a design competition, demonstration project, and information transfer activities, promoted a set of design principles and techniques for adaptability.

Housing in the new century

Homelessness, affordability and the need for more sustainable communities have been drivers of housing policy in the 2000s.

At the same time, other areas in which the federal government has been active, through CMHC, include renovation and adaptation of dwellings, fostering technology innovation and transfer, healthy housing, export development, enhancement of capital markets and on-reserve housing (a sole federal responsibility).

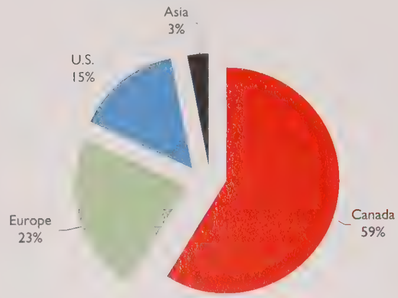
Affordability and homelessness

While there was a drop in the percentage of households in core housing need in the last half of the nineties, the number remained unacceptably high (13.7 per cent in 2001), and the federal government resumed funding of affordable housing under the new Affordable Housing Initiative (2003). $1 billion is being provided through CMHC for around 25,000 units, using program mechanisms to be chosen by the provinces and territories. Mortgage insurance premiums are waived on rental projects under this program.

For some Canadians – the homeless – the answer is not always as simple as just providing a housing unit. The reasons for homelessness are many and varied, and the solutions cut across the responsibilities of many agencies and departments. A multi-departmental initiative to combat homelessness was introduced at the turn of the century and CMHC's renovation programs were key components of this initiative. The existing programs were revised and expanded to enable CMHC to participate more fully in the provision of shelter for the homeless.

Aboriginal people are disproportionately represented among the homeless, and the housing conditions of Aboriginal people on reserve are also well below those enjoyed by most Canadians. In 2005, a further $295 million over five years was provided for CMHC on-reserve programs to help build 6,400 new dwellings and renovate a further 1,500 homes.

FIGURE 40
DISTRIBUTION OF CMBs, 2001–2005



Source: CMHC

Affordability will be a problem for many in the rapidly growing seniors' population. Secondary housing suites (garden homes) present an affordable option for low-income seniors to continue to live in their own home or move closer to their family. These can now be created under CMHC's renovation program (RRAP).

In 2006, the federal government announced $1.4 billion in funding for affordable housing, distributed among the provinces and territories in the form of trusts. This one-time strategic investment includes an affordable housing trust of $800 million, a Northern housing trust of $300 million; and a trust for off-reserve Aboriginal housing of $300 million. The funding will address housing needs throughout the country and, in particular, those of Aboriginal people and the North.

Keeping it green

Incorporating energy efficient features into housing can pay rich dividends in operating costs as well as contributing to sustainability. Reflecting this, from 2005, a ten per cent "green refund" applies on NHA mortgage insurance premiums for buying or building an energy-efficient home, or making energy-saving renovations to an existing home.

In addition, in 2006, design proposals are being invited by CMHC for Net Zero Energy Healthy Houses (NZEHH) – houses that are designed to produce as much energy as they consume. Winning designs will advance to a construction and demonstration phase to promote the technologies.

Enhancing housing capital markets

To expand the sources of mortgage funds even further, CMHC had its first issue of Canada Mortgage Bonds in 2001 ($18.1 billion were issued in 2005). These are fixed-interest bonds which, unlike mortgage backed securities, have no prepayment risk. Like MBS, CMBs have proved attractive to foreign as well as domestic investors *(see Figure 40).*

Another initiative to support choice in mortgage products and lower the cost of funds was the expansion of the NHA MBS program at the end of 2004 to include variable-rate mortgages.

FIGURE 41
IMPROVEMENTS IN HOUSING CONDITIONS

	1940s	now
Homeownership rate	57% (1941)	67%
Families not maintaining own household	13.4% (1951)	1.48%
Needing major repair	27%	8%
Heated by stove or space heater	61%	Close to zero
Maintaining even temperature	Gravity furnace (no blower)	Forced air furnace
Without installed bath or shower	55% (1941)	Close to zero
Without piped running water	39% (1941)	Close to zero
Without inside flush toilet	44% (1941)	Close to zero
Vapour barriers	None	Prevalent
Electrical capacity	30-50 amps	Typically 200 amps
Insulation	Little or none	4-6 inches
Windows	Single glazed	Double glazing
Basements	Dirt floor cellar	Full basement
Choice of designs	Typically box bungalows	Split level, ranch, etc...etc.
Countertops	linoleum	Melamine

Source: Census of Canada and *50 Years of Innovation : 1943-1993*. CMHC

Achievements: better housing

In good repair

Housing conditions have changed dramatically in the last 60 years. Presently, only eight per cent of our dwellings are in need of major repair, compared with 27 per cent in 1941 *(see Figure 41).*

More space

Homes are a lot less crowded now. In 1941, there was an average of 4.5 persons per dwelling. Now there are only 2.6 persons per dwelling – with new homes being up to twice as large. That's over three times as much space per person. Contributing to the increase in usable space has been the replacement of the dirt floor cellar with a full basement.

More comfort

Homes are much more comfortable too. Forced air furnaces distribute the heat better than the gravity furnaces that those who were lucky enough had in 1941, and a lot better than the stove or space heaters used in two thirds of dwellings then.

The air tight homes of today with well insulated walls, double glazed windows and vapour barriers are a vast improvement over the poorly insulated or non-insulated, drafty homes of sixty years ago with single glazed windows.

Piped water and ample electrical power

An inside flush toilet, piped running water and an installed bath or shower are taken for granted now, but the majority of households did not have these luxuries sixty years ago. The absence of other timesaving and recreational electrical goods, however, meant that having only a 30 or 50 amp electrical service, compared with the usual 200 now, was not such a hardship.

New construction and renovation

The present state of Canada's housing stock reflects both better quality new construction and the growth in rehabilitation and renovation. Both of these have been fostered by the various government programs described in this chapter which were developed to meet the particular needs of the times.

Achievements: technological advances

The research, technology transfer, award, demonstration and incentive programs have helped the residential construction industry build high quality innovative dwellings using the best techniques and materials available. Significant technical advancements have been made since the early forties *(see Figure 42).*

Typically these initiatives have flowed from partnerships between CMHC and the Canadian Home Builders Association (CHBA) often in cooperation with the National Research Council (NRC) and Natural Resources Canada.

Construction methods

Advances in construction methods have affected everything from the foundations through to the roof. In the 1940s, putting in foundations involved a bulldozer and the assembly of frames on site. The backhoe, preassembled formwork and ready-mixed concrete reduced the person hours for basement work by 65 per cent, and cement that could be used in colder weather extended the building season into the winter.

Plastering interior walls was especially time consuming. The introduction of gypsum board in the 1950s changed that - as did the use of plywood and oriented strandboard exterior sheathing instead of planks.

FIGURE 42

BASIC ADVANCES IN BUILDING TECHNOLOGY SINCE THE EARLY 1940's

	then	now
Basement frames	Site built	Prefabricated
Doors	Hung on site	Pre-hung
Kitchen cabinets	Built on site	Manufactured
Windows	Built on site	Manufactured
Pipes	Cast iron	PVC
Interior walls	Lath and plaster	Drywall
Painting	Brush	Roller/spray
Roofs	No roof truss	Roof trusses
Sheathing	Plank	Oriented strandboard
Nailing	Hammer	Power hammer
Concrete	Mixed on site	Ready-mixed
Lifting	On the back	Fork lifts/cranes

Source: Census of Canada and *50 Years of Innovation : 1943-1993*. CMHC

FIGURE 43

IMPROVEMENTS IN FINANCIAL MARKETS

Access	Universal across markets through NHA insurance
Down payment requirements	5% downpayment compares to typical 60% in early 40's
New funding mechanisms	Mortgage Backed Securities Canada Mortgage Bonds
Sources of funds	Global through MBS and CMB
Pricing of mortgages	Low spread due to competitive mortgage markets
Range of insured home financing products available	Homeowner and rental purchase and refinance builder progress advance, mobile homes, second homes, lines of credit

Source: CMHC

Roof trusses were not only more cost effective than earlier techniques but also greatly expanded design possibilities because they could be made in any shape or size. Computer software to develop specifications for roof trusses reflecting snow loads, wind loads etc. opens up even more possibilities.

Tools of the trade

Considerable relief in the backbreaking tasks of homebuilding has come from better tools of the trade. Power hammers, fork lifts, cranes and other advances, when coupled with the more stringent safety and training requirements, have had their impact on costs and construction site injuries.

Energy efficiency, sustainability and healthier houses

In the years following the war, the need to build large numbers of homes meant that the focus of innovation was on time saving and cost reduction. Since then, the attention has gradually shifted to the performance of buildings and communities. The result has been advances in energy efficiency, sustainability, and healthier homes.

Achievements: the mortgage market

Increased access to housing finance

The Canadian mortgage market today provides universal access to a stable and abundant supply of mortgage financing, with low down payments, and a wide variety of mortgage instruments *(see Figure 43)*. This contrasts greatly with the situation sixty years ago when there were few lenders, (banks were not allowed to make mortgage loans) and homebuyers needed to put down around 60 per cent of the house price to get a loan.

High ratio lending through the National Housing Act was made possible in 1954 with the introduction of mortgage insurance. Since then, the terms, pricing, variety of insurance products, and special features have varied and evolved to fit the needs and realities of the particular times. In that time, CMHC has provided mortgage insurance on one in three Canadian homes and mortgage insurance has become a vehicle to foster innovation in mortgage lending and increase choice for all Canadians.

New sources of funds

The introduction by CMHC of mortgage backed securities in 1987, and Canada Mortgage Bonds in 2001 has made the housing finance market more fully integrated with the capital market, opening up new sources of funds both domestic and foreign, and enabling ordinary Canadians to invest in mortgages. The benefits are increased availability and stability of mortgages and downward pressure on mortgage rates.

Achievements: the social housing stock

The earlier part of this chapter listed some of the principal federal and federal/provincial/territorial initiatives, including those involving non-profit and cooperative housing groups, to provide housing for those unable to obtain decent accommodation within their means.

The fruits of all these initiatives are a current stock of approximately 633,000 federally assisted social housing units. These house over one in twenty households and provide a wide mix of accommodation. While attention has sometimes focused on projects with problems, most, through continuing subsidies provide good, supportive housing for those who would otherwise be poorly served by the market. Client groups for social housing are low-income families, seniors, persons with disabilities, Aboriginal people, and victims of domestic violence.

In addition to providing front-end and ongoing subsidies throughout the years for social housing units, CMHC has provided assistance through its renovation programs to those of modest means to bring homes up to health and safety standards. In total, 750,000 households have been helped through the programs, typically with provincial or territorial cost-sharing.

The federal government continues to provide assistance on reserve for construction, purchase, rehabilitation and administration of housing. CMHC assistance is provided in partnership with First Nations and Indian and Northern Affairs (INAC). As of the end of 2005, about a quarter of the approximately 100,000 dwelling units on-reserve had been produced through CMHC programs. In recent years, positive steps have been taken to increase the capacity of First Nations housing professionals and community members to play an active role in improving their housing conditions.

FIGURE 44

HOMEOWNERSHIP RATES (VARIOUS YEARS 1995–2003)

Source: *International Trends in Housing Tenure and Mortgage Finance*, a study for the Council of Mortgage Lenders by Kathleen Scanlon and Christine Whitehead, London School of Economics, 2004.

Achievements: helping internationally

Canada's success in housing creates opportunities to help other countries make improvements to their own housing systems and, at the same time, to market Canadian housing goods and services internationally. Through CMHC International, recent years have seen a substantial increase in Canada's international housing presence.

Assistance from CMHC International has been sought by a number of countries (including Thailand, China, Mexico, Jordan, India, Palestine, South Korea, Algeria, Egypt and Serbia) to improve their housing in matters such as renovation programs and affordable housing policies, healthy and efficient housing, and introducing mortgage insurance.

Activities of CMHC in working with exporters have paid significant dividends in recent years. According to reports from Canadian firms, CMHC International activities led to the creation of almost 3,000 jobs and $260 million in export sales between 2002 and 2005.

These activities are enabling a diversification of Canadian housing exports into markets with high future potential that will complement the continuing high volume of housing related exports to the United States.

Some comparisons

It is universally recognized that Canadians are among the best-housed people in the world. Precise international comparisons are fraught with difficulties, however, due to definitional differences in censuses, and in formulae for assessing housing conditions. The following are a few simple comparisons.

Homeownership rates

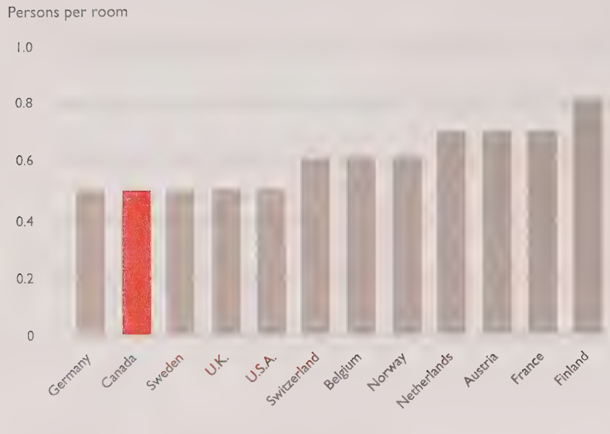
In a comparison of homeownership rates in industrialized countries presented in a recent international study,[57] Canada (66 per cent) ranked well above Switzerland (35 per cent) and Germany (40 per cent), but well below Spain (85 per cent) *(see Figure 44)*. In looking closer at nine of these countries, a report for the Council of Lenders in the U.K.[58] found that the ownership rate among young

57 *Importance of Government Policies for Homeownersjip Rates*, Michael Atterhög, Royal Institute of Technology, Sweden, 2005

58 *International Trends in Housing Tenure and Mortgage Finance*, Kathleen Scanlon and Christine Whitehead, London School of Economics, for the Council of Mortgage Lenders, U.K., 2004

FIGURE 45

PERSONS PER ROOM (VARIOUS YEARS 1990's)



Source: United Nations Centre for Human Settlements (Habitat) from http://unstats.un.org/unsd/demographic/products/socind/housing.htm

entrant households[59] declined among five of them in the last decade of last century – whereas it was stable in Canada. They attributed the decline to deteriorating affordability.

Affordability of homeownership

In a survey of 100 major urban markets in Canada, the United States, Australia, New Zealand, United Kingdom and the Republic of Ireland, Demographia[60] found Canada, on average, the most affordable (even though Vancouver was the 15th least affordable). Demographia uses a simple measure of median house price over median income for the markets. For Canada, across the nine areas included, they found that on average, house price was 3.8 times income, with the next best being 4.6 across U.S. markets, and the least affordable being Australia at 6.2 times income.

Crowding

The United Nations Centre for Human Settlements (Habitat) has published comparisons on persons per room,[61] a simple indicator of overall crowding. Comparing this measure across twelve advanced industrial countries in Europe and North America, Canada was among a group of five countries (including Germany, Sweden, U.K., and U.S.A) that had 0.5 persons per room *(see Figure 45)*. The other seven countries had between 0.6 to 0.8 persons per room.

Unfinished business: challenges and opportunities

While much has been achieved in improving Canada's housing over the past six decades, there remain a number of areas where ongoing attention is needed to address current and emerging challenges and opportunities. The dynamic nature of Canadian society, reflected in its evolving housing needs and aspirations, coupled with ongoing changes in the operating environment for Canada's housing system, mean that there are always new challenges to address. Canada's evolving housing challenges require forward-looking responses.

Addressing housing need and homelessness

As of 2001, 13.7 percent of all households, or close to 1.5 million households were in core housing need. Single parents, seniors living alone, Aboriginal people and new immigrants account for a disproportionate share of those in need.

Nine out of ten new immigrants settle in urban areas, and three quarters settle in Toronto, Vancouver or Montréal. They will continue to place pressure on housing services, increasing the need for affordable housing, adding to rising demand from senior households.

59 Defined as two adult households without children with the main respondent aged around 25 years with an average income for that age group.

60 *2nd Annual Demographia International Housing Affordability Survey, 2006.* Can be found at www.demographia.com

61 From http://unstats.un.org/unsd/demographic/products/socind/housing.htm

Reducing the incidence of housing need will present a serious challenge in the years ahead. Problems differ in severity and nature across markets, as do the characteristics of local markets in terms of growth, housing supply and housing condition. The variation underlines the need for solutions that can be tailored to local market conditions, and local resources.

Continuing progress also needs to be made in ensuring that Canada's housing accommodates the needs of persons with disabilities, through appropriate and accessible housing that supports their independence while ensuring social inclusion.

Homelessness will continue to provide a unique challenge because of its complexity. The key to addressing it will be not just ensuring an adequate supply of affordable housing, but effectively providing the full range of supports needed both for prevention and to make a lasting difference in the lives of those already homeless. In particular, appropriate housing solutions are needed for persons with mental illness and drug or alcohol addictions, groups that are over-represented among the homeless population.

Regenerating the social housing stock

Many social housing projects, particularly in the larger cities are in need of regeneration. The challenge is not just to make the investments in renovation and improvement, but to involve the residents in such a way that they develop a sense of ownership and pride, and a commitment to make the process work. Regeneration means improving not only the physical structure, but the health, well-being and thereby life opportunities of the occupants.

Complicating the regeneration issue is the fact that operating agreements (which provide government funds for rent-to-income subsidies) are beginning to expire and will do so increasingly in the coming years. These agreements were designed to provide subsides only for the duration of the mortgage. When subsidies end, many projects will find that their rent revenues are inadequate to cover operating expenses and rehabilitation and renovation needs.

Aboriginal housing – closing the gap

As detailed in the feature article in the 2005 *Canadian Housing Observer*, Aboriginal households face tremendous obstacles in accessing adequate accommodation, including low incomes and unemployment, and legal impediments on-reserve. As of 2001, over 22 per cent of on-reserve Aboriginal households were living in inadequate housing and unable to afford housing in adequate condition. This proportion is 11 times higher than that for non-Aboriginal households in Canada.

Aboriginal people off-reserve were far more likely to be among the homeless than other Canadians, and almost twice as likely to be in core need (24 per cent in 2001). While there was some lessening in core need incidence since 1996, Aboriginal peoples' housing conditions, both on and off-reserve have a long way to go to catch up with those of other Canadians, and closing the gap will present challenges for both Aboriginal people and governments at all levels.

Evolving mortgage finance

Globalization and technological advance are transforming capital markets, and presenting challenges and opportunities. The Basel Capital Accord will change the way financial institutions assess and offset risks, and the assets they wish to hold. This will affect the secondary market and mortgage insurance.

In recent years, we have seen an unbundling of mortgage funding, origination, servicing and investment activities as a result, in part, of securitization (mortgage backed securities, Canada Mortgage Bonds and other instruments). These new sources of funding, including bonds and mortgage backed securities, are opening the door to different kinds of lenders with new ways of doing things. In addition, improved technology is enabling finer segmentation of mortgage default risk, which could change the competitive dynamics in the mortgage insurance market.

The challenge will be to anticipate and respond to these developments in order to ensure that the market continues to provide a stable and abundant supply of funds at lowest possible cost and accessible in all areas of the country.

Aging households

The number of seniors will rise from 3.9 million in 2001 to around 9 million by 2031. As they age, seniors increasingly experience poor health, and mobility or memory limitations, to the point where it is difficult to safely live independently.

Not all those becoming seniors will make the same housing choices. Some seniors will want to move to dwellings with lower maintenance requirements and operating costs, others will adapt their homes in order to age-in-place, some will choose lifestyle communities or home-share with family. Ultimately, many will move to supportive housing. For some, this will be a prelude to a final period in a nursing home or hospice. Seniors with the most limited choices will be those with affordability problems.

The challenge will be to make all possibilities as attractive and feasible as possible. This will require ongoing innovation, in terms of adapting dwellings, adopting flexible designs in new homes, expansion of support services, and effective financial mechanisms and financial assistance, where necessary, for both independent living and supportive housing.

Fostering sustainability and quality of life through housing

A country's housing and community development choices drive its consumption of energy, the quality of its indoor and outdoor air and its waters, its available green-space, and the health and quality of life of its residents.

The sustainability field is vast, as are the challenges and opportunities. Relevant areas of interest include: healthy housing, energy efficiency, infill housing, brownfield and greyfield development, sustainable community planning and infrastructure, efficient land use and street patterns, recycled building materials, mould control and indoor air quality.

The challenge, an important one, is to ensure that housing and communities contribute positively to sustainability and health. Achieving it will require research, promotion, dissemination, partnerships and incentives.

Conclusions

It has been a remarkable sixty years—many challenges, many changes. Meeting the challenges has required innovation and ongoing evolution in Canada's housing system, in which CMHC has played a central role. The various initiatives described in this chapter, engaging the full range of housing sector participants—financiers, home builders, provinces, territories and local governments, non-profit groups, researchers and design professionals—have ensured that Canadians are among the best housed in the world today

Given the accelerating speed of change, we can expect Canada's housing system to be even more different sixty years from now than ours is to that of 1946. Meeting future challenges and ensuring that all Canadians across the country are well housed will require not just resources, but equally importantly, creativity, flexibility, and the capability to anticipate emerging challenges and opportunities and to respond appropriately.

IN YOUR NEIGHBOURHOOD:

Intensifying and renewing existing neighbourhoods

Canadian cities have changed dramatically in a relatively short period of time. At the time of the Second World War, Canada's urban and rural populations were almost equal.[62] Before the post-war population boom, those who did live in cities lived close enough to shops, work and schools to walk or take public transit to their daily destinations.

Today, more than 80 per cent of Canadians live in urban centres, making Canada one of the most urbanized countries in the world.[63] By 2001, four of every five Canadians traveled to work by car as drivers or passengers.[64]

In addition, new single-family homes built in the 1990s were, on average, up to twice the size of homes built around 1946,[65] even though the number of people per household declined. In Ottawa, for example, urban density declined from 46 people per hectare in 1955, to about 28 today.[66]

Since World War II, most development to accommodate the population growth has occurred in less compact development patterns and been built on former greenfield lands such as farms and forests, at the edge of urban areas. Typically, these new developments are separated from commercial, civic and employment areas, making transportation to daily destinations dependent on the automobile.

This type of development pattern has led to inefficient use of municipal infrastructure and loss of farmland and natural spaces. It has also resulted in growing car dependence that has led to increased traffic congestion, poor air quality, and higher rates of obesity, and has restricted consumer choice in mode of travel.

Turning back the clock on sprawl and its inherent problems is not an easy task, but solutions can be found in communities all across Canada. This chapter is devoted to exploring housing solutions that have intensified, renewed, and revitalized existing neighbourhoods—an approach to development that rebuilds communities and reduces sprawl.

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62 In 1941, approximately 54 per cent of the population lived in urban centres. Statistics Canada, *Summary Tables: Population urban and rural,* 2005. http://www40.statcan.ca/l01/cst01/demo62a.htm

63 Ibid

64 Statistics Canada, *2001 Census Technical Report, Journey to Work,* Section 3.3.4, Table 11. http://www12.statcan.ca/english/census01/Products/Reference/tech_rep/journey/index.cfm

65 Environment Canada, *Canada's Third National Report on Climate Change,* 2001. http://www.climatechangeconnection.org/pdfs_ccc/3NR_Published_Version_1.N.pdf#search=%22Third%20National%20Report%20on%20Climate %20Change%22

66 City of Ottawa, *2001 Environmental Strategy,* Annex 2: Summary of Environmental Issues – National and Local Context. http://www.city.ottawa.on.ca/city_services/planningzoning/2020/enviro_annex2_en.shtml

Why create new homes in existing neighbourhoods?

Intensifying and renewing existing neighbourhoods in areas where daily amenities, infrastructure, and transit services are already in place offers many benefits.

Healthy lifestyle

People living in neighbourhoods that have community, employment and retail amenities within walking distance of their homes are 2.4 times more likely to meet their 30-minute daily exercise requirement. This finding is from a study conducted for the Heart and Stroke Foundation of Canada, which recommends routine physical activity, such as walking, to lower rates of obesity and heart disease.[67]

Lower transportation costs

In 2005, the Canadian Automobile Association estimated that the average car owner spent over $9,000 per year to own and operate a mid-sized vehicle driven 18,000 kilometres per year.[68] Neighbourhoods where residents are able to walk, cycle or take public transit and drive less or own fewer cars can, therefore, significantly reduce household transportation costs.

Reducing climate change

Although space heating accounts for most (80 per cent) of the energy use within a home, driving accounts for more total energy use and greenhouse gas emissions. In fact, passenger road transportation is responsible for almost half of Canadians' personal greenhouse gas emissions.[69]

FAST **Facts**

In the Toronto area, greenhouse gases from weekday passenger travel generated by people living in mixed-use, pedestrian- and transit-friendly neighbourhoods near the urban core are about one-third of those caused by people living in dispersed, strictly residential neighbourhoods on the urban fringe.

(Greenhouse Gas Emissions from Urban Travel: Tool for Evaluating Neighbourhood Sustainability. CMHC Research Highlights, Socio-economic Series Issue 50, 2000)

Cleaner air

Motor vehicles are a major source of smog in urban areas. A study produced for the Ontario government found that smog—a mix of pollutants produced primarily by vehicles and industry—costs the province $9.6 billion in health care and environmental damage.[70]

Driving less helps everyone's health, particularly children, the elderly and people at risk of cardio-respiratory problems.

Lower infrastructure costs

The Canadian municipal infrastructure debt—the cumulative shortfall in funds available or budgeted to meet the cost of building and maintaining roads, sewers, treatment plants, water mains, transit services, etc.—grew from $12 billion in 1984 to almost $60 billion in 2002. Some estimates show the debt growing to $110 billion by 2027.[71]

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67 Heart and Stroke Foundation of Canada, *Report Card on Canadians' Health: Has the Suburban Dream Gone Sour?*, 2005
http://ww2.heartandstroke.ca/Page.asp?PageID=1613&ContentID=18481&ContentTypeID=1

68 Canadian Automobile Association, *Driving Costs, 2005 Edition.*
http://www.caa.ca/PDF/3708-EN-2005.pdf

69 Natural Resources Canada, *Save Fuel, Save Money, Help the Environment*, 2005.
http://oee.nrcan.gc.ca/publications/transportation/consumers.cfm

70 Government of Ontario, *Transboundary Air Pollution in Ontario*, 2005.
http://www.ene.gov.on.ca/envision/techdocs/5158e_1.pdf

71 Infrastructure Canada, *Municipal Infrastructure in Canada*, 2003.
http://www.infrastructure.gc.ca/research-recherche/rresul/rs/rs05_e.shtml

Intensifying and renewing neighbourhoods makes use of existing infrastructure and transit services, thus reducing the need and cost for infrastructure expansion.

The costs to service homes are also lower in compact development patterns than in sprawling ones. A CMHC study found that hard infrastructure costs per home were 4.5 times greater for low-density development in the outer suburbs than compact development in the downtown core.[72]

Social inclusion

Pedestrian- and transit-oriented neighbourhoods also give people more choice in their mode of travel, and this offers particular benefits to those who do not drive, such as youth, seniors and low-income individuals.

People-oriented streets also provide local residents with a sense of ownership, involvement and community belonging. This, in turn, supports stable, safe neighbourhoods.

Preserving the countryside

The amount of urbanized land area in Canada increased by 75 per cent from 1971 to 1996, adding over 12,000 square kilometres of development.[73] This has led to a loss of rural lands, such as farms and forests.

Residential intensification case studies

Residential intensification encourages development in existing urban areas where infrastructure and transit already exist. This type of housing takes on many different forms, from single-family homes to high- and low-rise apartments, and can be found in urban, suburban and small town locations.

FIGURE 46

WATERFORD SUITES, HALIFAX

Townhouses in centre match scale of adjacent existing buildings, with 8-storey apartment building set back from street.

Intensification includes infill development, adaptive reuse (also known as conversion), redevelopment (this chapter will focus primarily on brownfields and greyfields redevelopment), as well as building additional units onto existing homes.

Infill development

Infill development involves building homes on gaps of small, vacant or underutilized land in existing residential areas. An example is building townhouses on a parcel of land that used to contain a single-detached home.

As an example of infill, a combination store, warehouse and parking lot in downtown Halifax was transformed into the 77-unit Waterford Suites *(see Figure 46)*.[74] Four storey townhouses were built along the street edge to match the height and setback of the surrounding buildings and eight storey apartment buildings were built behind the townhouses.

72 CMHC, *Costing Mechanism to Facilitate Sustainable Community Planning—Background Research and Costing Framework*, Research Highlight, Socio-economic Series 05-023, 2005.
http://www.cmhc.ca/od/?pid=64126

73 Statistics Canada, *Urban Consumption of Agricultural Land, Rural and Small Town Canada Analysis Bulletin*, Cat. No. 21-006-XIE, Vol 3, No. 2, 2001.
http://statscan.ca/english/freepub/21-006-XIE/21-006-XIE2001002.pdf

74 CMHC, *Waterford Suites, Residential Intensification Case Studies: Built Projects*, 2004.
http://www.cmhc.ca/en/inpr/su/sucopl/sucopl_003.cfm

Adaptive reuse and infill in action—Koo's Corner

Existing garage was converted to 3 residential units and 3 townhouses were added in the parking area.

Koo's Corner[75] in Vancouver combines adaptive reuse and infill in an older residential neighbourhood.

Here, the developer retained the original building—an automotive garage—and converted it into three condominium townhouses and added three more in the former parking area. Neighbours had several concerns, such as the visual impact of facades, garages and driveways. Creative design solutions and City support in terms of flexibility on parking and density were critical. Consulting with the neighbourhood early and openly and incorporating their interests into the design were also factors in the project's success.

Adaptive reuse/conversion

Adaptive reuse projects create new homes by converting non-residential buildings, such as offices, warehouses and factories, to new residential uses.

Heritage, historic, former industrial and school buildings also present opportunities for adaptive reuse. Les Lofts Laliberté[76] in Québec City, for example, mixes 51 rental apartments with retail and office space. The project preserved a historic building, built in 1867, and revitalized a central urban district that the City had targeted for rejuvenation by providing grants to restore heritage buildings.

Similarly, converting a 100-year old warehouse in Winnipeg's downtown core into the Western Elevator Lofts[77] condominiums contributed to rejuvenating the district and retained a heritage building *(see Figure 47)*. The project received substantial financial assistance in the form of a heritage grant from the City of Winnipeg and a downtown heritage tax credit, and gap financing from Centre Venture Development Corporation, a private-public corporation created by the City.

Redevelopment, including brownfields and greyfields

Sites that have been contaminated by industrial or commercial uses and that have the potential to be remediated are known as brownfields. Greyfields are vacant or underutilized older commercial centres—shopping malls, offices, retail plazas, and light commercial buildings.

High costs for remediation, civil and regulatory liability, and difficulty securing financing are the key issues facing brownfields redevelopment for housing in Canada. Brownfield projects also share many of the challenges experienced by other kinds of residential intensification. Many of these sites are located in established urban areas and, for the most part, municipal services are readily available. Many could be cleaned up to meet today's environmental standards and transformed into productive use, including housing. The redevelopment of brownfields for residential uses offers opportunities to revitalize older neighbourhoods, lower municipal infrastructure costs, and manage growth.[78]

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75 CMHC, *Koo's Corner, Residential Intensification Case Studies: Built Projects*, 2004. http://www.cmhc.ca/en/inpr/su/sucopl/sucopl_003.cfm

76 CMHC, *Les Lofts Laliberté, Residential Intensification Case Studies: Built Projects*, 2004. http://www.cmhc.ca/en/inpr/su/sucopl/sucopl_003.cfm

77 CMHC, *Western Elevator Lofts, Residential Intensification Case Studies: Built Projects*, 2004. http://www.cmhc.ca/en/inpr/su/sucopl/sucopl_003.cfm

78 CMHC, *Brownfield Redevelopment for Housing: Literature Review and Analysis*, 2005. http://www.cmhc.ca/od/?pid=63948

A prime example is the redevelopment of Angus Shops, part of the Canadian Pacific Railway lands in Montréal's Rosemont district. The Angus[79] site spans 125 acres and had been contaminated with heavy metals and other substances. Cleaning up the contamination cost about $10 million, with approximately one-third of the cost covered by a grant from the provincially funded Revi-sols program.

In the planning phases, the community gave input on the development plans, expressing concerns about building heights and a desire to include employment opportunities, and industrial and commercial uses. The result is a vibrant community with 1,200 townhouse and apartment units, shops, commercial and employment areas, and greenspaces.

Smaller sites, such as the 23 apartment units that make up Abe Zakem House[80] in Charlottetown also provide opportunities for brownfields redevelopment. The site was once a City public works garage contaminated with petroleum hydrocarbons. The City donated it to the Kiwanis Club to develop affordable rental apartments.

FIGURE 47

WESTERN ELEVATOR LOFTS, WINNIPEG

Warehouse converted into 7 condominium units.

A risk assessment determined that the site could be redeveloped for residential use, provided that land use restrictions and design controls were put in place to minimize exposure pathways and prevent vapours from entering the building. These included removing contaminated soil within the building footprint, avoiding below ground living space, and prohibiting food production on the site. The project has spurred nearby renovations and infill projects.

Greyfields also offer redevelopment opportunities and do not have the clean up costs associated with brownfields. The Renaissance at North Hill[81] was developed on the former parking lot of a shopping centre in a suburban area of Calgary *(see Figure 48)*. The 176 condominiums, in two ten storey buildings, have easy access to shopping and a light rapid transit line.

Additional units

Secondary suites are complete living units within single-family homes that can provide young homeowners with additional income (i.e. rental income) or allow older people to continue to live in their neighbourhoods.[82]

Many municipalities recognize them as a cost-effective way to provide rental housing. They also recognize that neighbourhood opposition and regulatory barriers that

79 CMHC, *Angus, Residential Intensification Case Studies: Built Projects*, 2004. http://www.cmhc.ca/en/inpr/su/sucopl/sucopl_003.cfm

80 CMHC, *Abe Zakem House, Brownfield Redevelopment Housing in Canada—Case Studies*, 2005. http://www.cmhc.ca/en/inpr/su/sucopl/sucopl_004.cfm

81 CMHC, *The Renaissance at North Hill, Residential Intensification Case Studies: Built Projects*, 2004. http://www.cmhc.ca/en/inpr/su/sucopl/sucopl_003.cfm

82 CMHC, *Permitting Secondary Suites*, 2000. http://www.cmhc.ca/en/inpr/imhoaf/afhoid/pore/pesesu/index.cfm

FIGURE 48

THE RENAISSANCE AT NORTH HILL, CALGARY

Greyfield redevelopment of shopping mall parking lot next to rapid transit line.

prevent owners from legalizing them need to be addressed. One example is the City of Guelph, Ontario,[83] which changed its official plan and zoning by-law to permit secondary suites "as of right" in all low-density areas of the city. The registration is made simple and free, but some restrictions apply to ensure compatibility with the residential areas.

However, not all municipalities allow them. In fact, a CMHC study[84] of 404 Canadian municipalities in the 33 existing and proposed Census Metropolitan Areas (CMAs) found that only 54.5 per cent allowed secondary suites in the entire municipality, or only in part. Even core cities in 14 of these CMAs, including Calgary, Winnipeg, Saint John, Kingston and Kitchener, do not allow secondary suites.

A solution to every challenge

Intensification projects often face challenges that are not encountered in greenfield projects. Experience shows that open communication and cooperation among all stakeholders are the keys to a successful project. In this section, some of the solutions found to the most common intensification challenges will be examined.

Development costs and the bottom line

A host of factors can raise the cost of intensification projects. Developers often cite higher construction costs for special architectural features or restoring heritage buildings, or clean up costs associated with contaminated sites.[85] Extra costs can also result from building on tight sites (e.g. paying for road closures and crew parking) or from time delays caused by public input and regulatory approvals.

Working in partnership with a municipal or a provincial government can often ease the financial burden. As the case of the Western Elevators Lofts showed, a municipal heritage grant, tax credit and gap financing helped finance the project.

83 CMHC, *Accessory Apartments Policy, Residential Intensification Case Studies: Municipal Initiatives*, 2004. http://www.cmhc.ca/en/inpr/su/sucopl/sucopl_002.cfm

84 CMHC, *Accessory Apartment Regulations in Census Metropolitan Areas in Canada*, 2006. http://www.cmhc.ca/od/?pid=65025

85 For a review of challenges and solutions to intensification projects see *Residential Intensification Case Studies: Built Projects*. Research Highlight, Socio-economic Series 04-014, 2004. http://www.cmhc-schl.gc.ca/en/inpr/su/sucopl/sucopl_003.cfm

Grant programs can also assist with the costs to clean up brownfields.[86] For example, the City of Cambridge[87] provides grants up to $1,500 per unit for cleaning up contaminated sites in the core areas.

Some municipalities have also eliminated or reduced development charges and other fees for intensification as a financial incentive to encourage it.

In looking at 12 case studies of municipal initiatives to encourage intensification, including grants and financial incentives, generally the initiatives resulted in a net gain in revenues for the municipality.[88]

The Garrison Woods *(see Figure 49)* and Angus *(see Figure 50)*, redevelopments involved a close partnership with the municipality, with the City paying for much of the infrastructure costs.

Despite high costs, in many case studies, rapid sales and the selling prices achieved resulted in the developers being happy with the bottom line. Intensification projects fulfill pent up demand for homes close to urban amenities or for more architecturally unique products.

FIGURE 49
GARRISON WOODS, CALGARY

Mixed-use neighbourhood
Photo credit: Canada Lands Company

Garrison Woods,[89] a 65-hectare redevelopment of a former military base in Calgary, is a good example. The wide variety of housing styles, high-quality streetscaping and proximity to downtown created high demand for the project, which exceeded the developer's profit expectations. Purchasers have seen a remarkable increase in property values, even by Calgary standards.

From a municipal standpoint, increasing the density at Garrison Woods also netted the City almost $8 million in municipal taxes, a substantial increase from the $2.3 million in taxes paid when the site was used as a military base.[90]

Addressing community concerns

Since intensification projects are usually built in well-established neighbourhoods, local concerns are frequently a challenge. Residents express concerns over incompatible building scale, density or character, blocking of sunlight and views and parking problems.[91]

86 Links to many of these programs can be found on AboutRemediation.com, a network of public and private sector partners devoted to brownfields redevelopment. http://www.aboutremediation.com/financingIssues/financingIssues.asp

87 CMHC, *Contaminated Sites Grant Program, Residential Intensification Case Studies: Municipal Initiatives*, 2004. http://www.cmhc.ca/en/inpr/su/sucopl/sucopl_002.cfm

88 CMHC, *Residential Intensification Case Studies: Municipal Initiatives*, Research Highlight, Socio-economic Series 04-002, 2004. http://www.cmhc.ca/en/inpr/su/sucopl/sucopl_002.cfm

89 CMHC, *Garrison Woods, Residential Intensification Case Studies: Built Projects*, 2004. http://www.cmhc.ca/en/inpr/su/sucopl/sucopl_003.cfm

90 *Unique Urban Village*, Building Magazine, August-September, 2002.

91 CMHC, *Residential Intensification Case Studies: Built Projects*. Research Highlight, Socio-economic Series 04-014, 2004. http://www.cmhc.ca/en/inpr/su/sucopl/sucopl_003.cfm

FIGURE 50

ANGUS YARDS, MONTRÉAL

Brownfield redevelopment

such as the visual impact of garages and driveways on a street largely free of pavement cuts. For example, only two cuts were created and the grass between the sidewalk and the streets continues over the cuts.[92]

Designs for The Carlings at Arbutus Walk,[93] in the well-established, low-rise Kitsilano neighbourhood of Vancouver, were also modified based on intense public input *(see Figure 51)*. Key concerns were compatibility with the height, scale and architectural detailing of the surrounding neighbourhood. In response, this 100-unit condominium project is only three storeys tall at street level with the 4th storey set back so it is less visible from the street.

Many municipalities and developers recognize that early public consultation, before submitting applications, can help in addressing concerns. Community meetings and open houses can give area residents information and an opportunity to comment on the design, while early dialogue enables developers to understand community concerns and modify their designs.

For larger projects, working groups or advisory committees, most often formed in partnership with the municipality, may be required and take a greater investment of time.

The developer of Koo's Corner delivered plans to all immediate neighbours and sought feedback from the residents' association before applying to the City. The design was modified in response to neighbours' concerns,

The developer worked closely with the City and the neighbourhood to address these issues. Inputs from a working group and a charrette process[94] resulted in design guidelines, which the developer adhered to and in turn gained the support of the community.

Mediation is also a way of resolving land use disputes between neighbourhoods and developers. The City of Calgary has a mediation program to find mutually agreeable solutions.[95]

Housing and social inclusion

Neighbourhood opposition can be the most intense when municipalities attempt to intensify neighbourhoods specifically to provide affordable or social housing.

92 CMHC, *Koo's Corner, Residential Intensification Case Studies: Built Projects*, 2004. http://www.cmhc.ca.ca/en/inpr/su/sucopl/sucopl_003.cfm

93 *The Carlings at Arbutus Walk, Residential Intensification Case Studies: Built Projects*, 2004. http://www.cmhc.ca/en/inpr/su/sucopl/sucopl_003.cfm

94 A design charrette is a workshop that brings together a range of expertise and interests to collaborate on creative solutions to multi-faceted housing projects. CMHC, *Sustainable Community Planning and Development: Design Charrette Planning Guide.* Research Highlight, Socio-economic Series 103, 2002. www.cmhc.ca/od/?pid=62779

95 CMHC, *Planning Mediation Program, Calgary: Residential Intensification Case Studies: Municipal Initiatives*, 2004. http://www.cmhc.ca/en/inpr/su/sucopl/sucopl_002.cfm

In a recent study for CMHC,[96] researchers found that residents had a wide range of concerns regarding new affordable housing units in their neighbourhoods. Fears about safety and lower property values were common concerns.

FIGURE 51

THE CARLINGS AT ARBUTUS WALK, VANCOUVER

Sensitive architectural detailing for compatibility with surrounding neighbourhood.

The partners involved in developing the Abe Zakem House anticipated neighbourhood resistance and prepared for it. As the property owner, the Kiwanis Club enlisted political champions (the mayor, a local MP and the provincial Minister for Health and Social Services) to help boost the project and educate local residents of the need for affordable housing. The Kiwanis name and its long track record of community service also added value, while the community responded well to having the development named after a respected member of the Kiwanis Club and the community, Abe Zakem.

Regulatory issues

Despite the work of many municipalities to streamline development approvals for intensification projects, time delays and cost overruns can occur due to regulations.

Adapting old buildings to modern building codes and standards often requires extensive work, which can in turn make the project cost prohibitive. Sometimes, unforeseen problems are uncovered during the construction, causing some developers to add substantial contingency costs, as much as 25 per cent, to cover unanticipated costs.

Zoning changes are often required to permit a change in land use, additional density, increased building height or reduced building setbacks. While municipalities are often flexible when it comes to intensification projects, particularly if there is an added benefit such as a heritage restoration, lengthy negotiations are sometimes needed, which ultimately increases costs.

Affordability and Choice Today (ACT)[97] offers regulatory reform solutions generated from teams of housing stakeholders, including municipalities, from across Canada. The ACT Web site offers a number of solutions that have reduced regulatory barriers to intensification projects.

Designing for transportation

As mentioned earlier in this chapter, car-dependent developments can have many detrimental impacts. Some residential developers, however, are actively supporting reduced car use by incorporating new transportation options into their designs.

Many new residential projects have been developed in transit nodes, i.e., within a five-minute walk of a transit station. In transit-oriented developments (TOD), developers can reduce costs by providing less parking. Results of a current CMHC study on Canadian TODs will be published in 2007.

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96 CS/RESORS Consulting Ltd. for CMHC, *Gaining Community Acceptance: Case studies in affordable housing*, 2005.

97 ACT is funded by CMHC and is jointly managed with the Canadian Home Builders Association, the Canadian Housing and Renewal Association, and the Federation of Canadian Municipalities.
http://www.actprogram.com

The Radiance high-rise condominium building in downtown Toronto is located next to a major subway and bus node to facilitate the use of public transit. In addition, the developer partnered with AutoShare, a car sharing company. Residents get exclusive access to rent a hybrid vehicle, three of which are located on site, and the first 50 residents who opted not to purchase a parking spot received a free AutoShare membership.

When the 84-unit Conservation Co-Op in Ottawa was built more than 10 years ago, it was permitted to significantly reduce the number of parking spots that would normally be required for a building this size. The cost savings from not having to pay for and maintain a parking garage freed up some of the budget for innovative conservation features that cost more than standard ones. The space saved on surface parking was used for a large common green space. The four storey building has only eight surface parking spots and 12 more leased off-site, but about 200 underground bicycle storage spaces with easy roll-in access and automatic doors.[98]

Improving energy efficiency

While urban intensification projects are often very large in scope, they often involve the renewal of housing on a dwelling-by-dwelling basis.

Sometimes, when an urban area is considered for renewal, a decision must be made whether to work with the existing buildings, demolish them, or rehabilitate each to the fullest extent possible.

Often, these types of rehabilitation activities are directed at reducing energy and water costs. Many older apartment buildings are prime candidates for efficiency upgrades. Case studies conducted by CMHC,[99] and others, show that savings of at least 10 per cent are easily obtained with relatively quick payback periods. In poorly performing buildings, savings can often be even higher.

In Toronto alone, more than 400 commercial, industrial and multi-residential buildings have been retrofitted using the Better Buildings Partnership, reducing operational costs by some $16 million.[100]

The numbers game

Space and water heating combined consume almost 80 per cent of the energy used in a home. However, homeowners and renters alike shouldn't ignore the energy savings from using energy-efficient lighting and appliances.

Compact fluorescent light (CFL) bulbs use up to 75 per cent less energy than incandescent bulbs and last 10 times longer. Replacing even one 60-watt incandescent bulb with a 15-watt CFL bulb in each of Canada's 12 million households could save up to $73 million a year in energy costs.

Choosing energy-efficient appliances can also save energy and money. The EnerGuide Appliance Directory is updated yearly and evaluates all major appliances and rates them on their energy consumption.

(Natural Resources Canada's Office of Energy Efficiency, http://oee.nrcan.gc.ca/publications/infosource/pub/home/Household_Lighting_Section4.cfm?attr=4#cfl
and
http://oee.nrcan.gc.ca/publications/infosource/pub/appliances/index.cfm)

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98 CMHC, *Conservation Co-operative*, Building Energy Efficient Housing, http://www.cmhc-schl.gc.ca/en/inpr/imhoaf/afhoid/cote/buenefho/buenefho_005.cfm

99 CMHC, *Better Buildings—Case Studies*, CMHC. http://www.cmhc.ca/en/inpr/bude/himu/bebu/bebu_001.cfm

100 CMHC, *Better Buildings Partnership*, City of Toronto. http://www.toronto.ca/bbp/co2_results.htm

When it comes to adapting heritage or historic buildings into new residential spaces, energy upgrades are often required because of the age of the buildings.

In order to convert a 100-year old monastery in Montréal to luxury condominiums, for example, the solid masonry walls had to be sprayed with polyurethane foam as insulation in order to preserve the original appearance of the building—a major selling point. Upgrades were also made to the concrete slab, windows, attic and roof.[101]

Sometimes efficiency upgrades are not enough and the entire building must be renewed to provide safe, comfortable and durable housing. Although relatively few buildings have been totally renovated from top to bottom, the age of the Canadian housing stock may mean that this could soon become more commonplace.

In Toronto, one housing co-operative[102] spent \$6 million—\$53,000 per suite—on renovations that ultimately saw the entire building overhauled. The renovated building was comparable, if not better, than new buildings being constructed today but at about half the cost per suite.

A bright future for Canadian neighbourhoods

Despite the challenges, intensification is on the rise. Acting with the knowledge that there is a market demand for such projects, both municipalities and developers are becoming more creative in their attempts to incorporate additional residential units into existing urban areas.

Municipal programs are also helping to remove the obstacles to intensification, thereby creating a more supportive environment.

Much work remains to be done, but the intensification projects explored in this chapter provide a glimpse of many more Canadian success stories to come.

101 CMHC, *Conversion of a Monastery into Condominiums, Better Buildings—Case Studies.* http://www.cmhc.ca/en/inpr/bude/himu/bebu/bebu_001.cfm#CP_JUMP_57356

102 CMHC, *Energy Efficiency Case Study, Toronto*, Better Buildings—Case Studies. http://www.cmhc-schl.gc.ca/en/inpr/bude/himu/bebu/bebu_001.cfm#CP_JUMP_57356

HOUSING OUTCOMES BY Income Group

Previous chapters in this year's *Observer* have explored some of the key factors influencing housing market activity in Canada. This chapter takes a closer look at housing consumption patterns, referred to here as "housing outcomes", for specific groups of households. The housing consumption of individual households is strongly influenced by both demographic characteristics, such as household size, which influence housing requirements, as well as by income, which determines a household's ability to pay for housing. This chapter looks at how housing outcomes vary across different income groups in Canadian society.

For the purposes of this analysis of housing outcomes, Canadian households have been divided into five equally-sized groups, or "quintiles", on the basis of their before-tax household income. The five income groups are defined below *(see sidebar for additional information)*:

- the *low-income* group is comprised of the 20 per cent of Canadian households with incomes ranging up to almost $21,000; their average before-tax household income in 2000 was just over $12,000.
- the *moderate-income* group includes households with incomes from about $21,000 to almost $38,000; this group had average income of just over $29,000.
- the *middle-income* group includes households with incomes from about $38,000 to $57,000; their income averaged just over $47,000.
- the *upper-income* group includes households with incomes ranging from about $57,000 to $85,000; their average income was just over $70,000.
- the *high-income* group includes the 20 per cent of Canadian households with incomes over $85,000; their income averaged almost $135,000.

The demographic and socio-economic characteristics of each income group are briefly profiled in the following pages *(see Figure 53 for more detailed information)*, before examining how housing outcomes vary between them.

Demographic and socio-economic characteristics of household income groups

There are a number of demographic and socio-economic characteristics that are important to consider when interpreting household consumption patterns and related housing outcomes. For example, the size and composition of households influence the type of housing required. At the same time, the age and labour force status of the primary household maintainer has an influence on the household's economic capacity to act on its housing needs and preferences. Together, these characteristics shape the housing outcomes that are the focus of this chapter. How they vary across the five household income groups is examined below.

Low income

The composition of low-income households differs considerably from other income groups. Most notable in this regard is the prevalence of single-person households. Single-person households by far outnumber other household types, and comprised fully 62 per cent of all low-income households. Another 14 per cent were lone parent households. These were the highest percentages among any of the income groups.

Canadian households by income group

For the purpose of this analysis, households have been ranked by their before-tax household income and divided into five equally sized groups (quintiles).

These groupings are based on data provided in the 2001 Census, which collects income data for the previous calendar year. All income data are therefore for the year 2000. Included are all non-farm, non-band, non-reserve, private households with positive incomes. For descriptive purposes, these groups are referred to as follows: high-income, upper-income, middle-income, moderate-income, and low-income *(see Figure 52)*.

To provide some context, someone earning the minimum wage (which varies from province to province) and working a 40-hour week would have earned between about $11,440 and $15,800 in 2000. A household with one such worker would be in the low-income group; a household with two full-time minimum wage earners would be in the moderate-income group.

FIGURE 52

HOUSEHOLD INCOME GROUPS (QUINTILES), CANADA, 2001

Group	Range	Average income
High income	$85,175 and up	$134,935
Upper income	$57,373 to $85,174	$70,028
Middle income	$37,921 to $57,372	$47,196
Moderate income	$20,699 to $37,920	$29,262
Low income	Up to $20,698	$12,182

Source: CMHC (census-based indicators and data)

Welfare rates vary by province and by the composition of the household (e.g. single employable person, person with a disability, single parent with one child, or couple with two children). With the exception of certain households in the territories, all households receiving welfare and having no other income would be in the low-income group. For example, a couple with two children in any province would have received between $15,627 and $18,924 in 2000, and a single employable person between $1,838 and $6,825.

Households led by seniors or young adults were also more prevalent among the low-income group, together comprising almost one-half of all households. One-third of low-income households had a primary household maintainer[103] aged 65 or older. About one-sixth had a household maintainer aged 15 to 29. These were the highest percentages of any income group. About 29 per cent were 45-64 years old, and 23 per cent were 30 to 44 years old.

Low-income levels can, in part, be explained by low levels of labour force participation and employment. The primary maintainers of low-income households were typically (60 per cent) not in the labour force. Over 7 per cent were in the labour force but were unemployed. These were the highest percentages of any income group. Of the one-third who were employed, many had only part-time work.

Not surprisingly, 68 per cent of low-income households relied on government transfers for their major source of income, and less than one-quarter reported paid employment as their major source of income. These were the highest and lowest percentages, respectively, of any income group.

103 The *Survey of Household Spending* defines the household reference person (household maintainer) as the person or one of the people in the household mainly responsible for major household payments such as the rent or mortgage.

FIGURE 53

SUMMARY STATISTICS ON DEMOGRAPHIC AND SOCIO-ECONOMIC CHARACTERISTICS OF CANADIAN HOUSEHOLDS BY INCOME GROUP, CANADA, 2001

	High income	Upper income	Middle income	Moderate income	Low income
Average Before-Tax Household Income (in 2000)	$134,935	$70,028	$47,196	$29,262	$12,182
Type of Occupants					
Couples with children	59.1%	47.4%	32.8%	17.4%	8.8%
Couples without children	25.9%	29.0%	29.4%	30.1%	11.4%
Lone parent households	3.9%	7.8%	11.4%	14.0%	14.3%
Multiple-family households	4.4%	2.1%	1.2%	0.6%	0.3%
One-person households	3.9%	9.8%	20.9%	33.5%	61.9%
Two or more person non-family households	2.8%	3.9%	4.4%	4.4%	3.3%
Age of Primary Household Maintainer					
15-29 years	4.3%	8.8%	11.7%	12.8%	15.2%
30-44 years	37.2%	40.3%	36.0%	26.8%	22.7%
45-64 years	50.2%	39.4%	33.8%	27.5%	28.7%
65 years and over	8.3%	11.6%	18.5%	32.9%	33.4%
Labour Force Status of Primary Household Maintainer					
Not in Labour Force	11.6%	17.0%	25.9%	43.0%	60.3%
In the Labour Force	88.4%	83.0%	74.1%	57.0%	39.7%
Unemployed	1.7%	2.7%	3.6%	4.4%	7.3%
Employed	86.7%	80.3%	70.5%	52.5%	32.4%
Full-time	79.0%	72.4%	61.9%	43.5%	23.0%
Part-time	7.6%	7.9%	8.6%	9.1%	9.4%
Major Source of Household Income					
Paid employment	87.0%	84.7%	73.5%	50.9%	23.3%
Self-employment	5.6%	3.4%	4.1%	4.3%	3.0%
Income from government	0.2%	1.5%	7.6%	31.8%	67.9%
Other income	7.2%	10.4%	14.8%	13.1%	5.8%

Source: CMHC (census-based indicators and data)

Moderate income

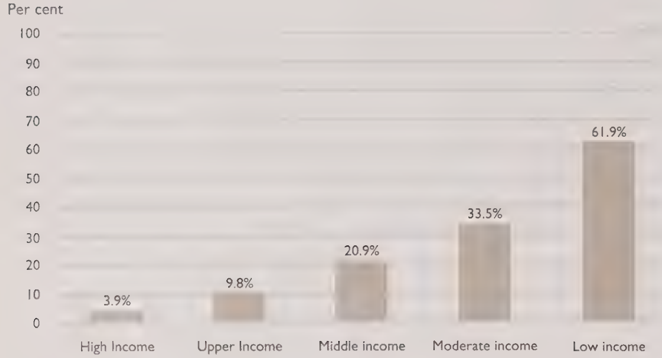
Moderate-income households share some of the characteristics of their low-income counterparts, but also differ in some important ways. One-third of moderate-income households were one-person households—roughly half the percentage recorded among low-income households (62 per cent) *(see Figure 54)*. Relatively more moderate-income households were couples without children (30 per cent) and couples with children (17 per cent), compared to the low-income group (11 per cent and 9 per cent, respectively).

The age distribution of moderate-income households was similar to that of low-income households; however, there were somewhat fewer young households with primary maintainers aged 15-29 and more in the 30-44 age range.

Moderate-income households were more likely to be in the labour force, and employed full-time, than were their lower-income counterparts. The percentage of moderate-income household maintainers who were not in the labour force was still relatively high (at 43 per cent), though, and just over 4 per cent were in the labour force but were unemployed. Of the 53 per cent with jobs, just under one-in-five had only part-time work.

FIGURE 54

ONE-PERSON HOUSEHOLDS AS A PERCENTAGE OF HOUSEHOLDS IN EACH INCOME GROUP, CANADA, 2001



Source: CMHC (census-based indicators and data)

Almost three-quarters of primary household maintainers in the middle-income group were in the labour force, and 62 per cent were employed full-time *(see Figure 56)*. Mirroring the trend in labour force participation, just under three-quarters reported paid employment as their major source of income (much higher than for the low- or moderate-income groups), and only 8 per cent relied mainly on income from government.

Upper income

Almost half of the upper-income group are couples with children, a much higher percentage than for the groups described previously. The group also includes fewer one-person households (10 per cent) and lone parent families (8 per cent).

Just over half of moderate-income household maintainers reported paid employment as their major source of income. Just less than one-third relied mainly on income from government, a much lower percentage than for the low-income group (68 per cent).

Upper-income households are mostly led by primary maintainers who are 30-44 years old (40 per cent) or 45-64 years old (39 per cent). Only 12 per cent of primary maintainers in this income group are seniors, and only 9 per cent are in the 15 to 29 age group, much lower percentages than for the low-, moderate- and middle-income groups.

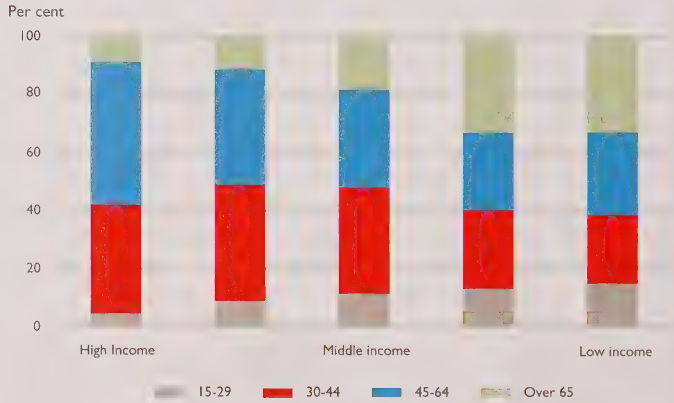
Middle income

One-third of the middle-income group are couples with children (a much higher percentage than for the low- and moderate-income groups), and close to another third are couples without children. About one-fifth are one-person households, and lone parent families account for 11 per cent.

Many (36 per cent) middle-income households had primary maintainers aged 30-44 (much higher than for the low- and moderate-income groups), and about one-third were aged 45-64, commonly the peak income earning years *(see Figure 55)*. Senior-led households accounted for about 19 per cent (much lower than for the low- and moderate-income groups), and younger households (aged 15 to 29) for about 12 per cent.

FIGURE 55

DISTRIBUTION OF HOUSEHOLDS BY AGE OF PRIMARY MAINTAINER, CANADA, 2001



Source: CMHC (census-based indicators and data)

FIGURE 56

DISTRIBUTION OF HOUSEHOLDS BY LABOUR FORCE STATUS, CANADA, 2001

Source: CMHC (census-based indicators and data)

The upper-income group has much higher percentages of primary household maintainers in the labour force (83 per cent) and employed full-time (80 per cent), and only 3 per cent were unemployed. About 85 per cent of the upper-income group report paid employment as their major source of household income.

High income

The typical household in the high-income group (59 per cent) is a couple with children, a much higher percentage than any other income group. One-person households and lone parent households each accounted for only 4 per cent, much lower percentages than in any other income group.

The primary maintainer of the household was typically (50 per cent) in the peak earning age of 45 to 64, a much higher percentage than for any other income group. Another 37 per cent had a primary maintainer aged 30 to 44. Only 8 per cent were seniors and 4 per cent were aged 15 to 29, both much lower percentages than for any other income group.

About 88 per cent of primary maintainers in the high-income group were in the labour force, with 87 per cent employed full-time and reporting paid employment as the major source of household income, both higher percentages than for any other income group. Under 2 per cent reported being unemployed, the lowest for any income group.

Housing outcomes

Given the differences in demographic and socio-economic characteristics of Canadian household income groups discussed above, it is not surprising that the housing outcomes of these groups also vary. Housing outcomes are measured here in terms of the age, type and size of dwelling occupied, tenure (owning or renting), and the ability of households to access acceptable housing (core housing need) *(see Figure 57)*.

Housing tenure and mortgage status

Almost two-thirds of households (63 per cent) in the low-income group rented their dwelling *(see Figure 58)*. This percentage decreases for each successively higher income group. Only 10 per cent of households in the high-income group rent their accommodation.

While homeownership rates are lower among low- and moderate-income households, those that do own their dwellings are more likely to be mortgage free than households in the other income groups. Most of these low-income owners without mortgages are senior-led households which had likely paid off their mortgage while still in the workforce.

The percentages of households owning their home, and of households owning their home with a mortgage, generally increase for each successively higher income group. About 90 per cent of households in the high-income group own their home, and 57 per cent own with a mortgage. More households who own their home in the middle-, upper- and high-income groups have a mortgage than do not, and the differences in the percentages between those with a mortgage and those without a mortgage increase for each successively higher income group (starting with the middle-income group).

Within each income group, the likelihood of having a mortgage decreases drastically with age, as most senior households in these income groups own their dwellings outright.

FIGURE 57

SELECT DWELLING CHARACTERISTICS BY INCOME GROUP, CANADA, 2001

	High income	Upper income	Middle income	Moderate income	Low income
Housing tenure					
Owners	89.7%	79.9%	67.3%	54.8%	36.9%
With mortgage	56.8%	51.8%	38.2%	22.1%	12.5%
Without mortgage	32.8%	28.0%	29.1%	32.8%	24.4%
Renters	10.3%	20.1%	32.7%	45.2%	63.1%
Average Value of Dwelling (for owners only)					
Average Value	$226,926	$157,976	$137,334	$125,963	$118,113
Type of Dwelling					
Single-detached	77.8%	67.3%	56.5%	47.6%	34.1%
Apartment	9.8%	16.7%	26.4%	35.7%	49.5%
Other multiple dwellings	12.0%	15.0%	15.6%	14.9%	14.7%
Movable dwellings	0.4%	1.0%	1.6%	1.8%	1.7%
Year of Construction					
Prior to 1946	10.9%	11.9%	14.3%	16.3%	17.4%
1946-1960	11.9%	14.4%	16.6%	18.5%	18.0%
1961-1980	32.4%	36.4%	38.3%	39.2%	40.2%
1981-1990	23.4%	19.4%	16.7%	15.3%	15.1%
1991-1995	10.2%	8.8%	7.4%	6.1%	5.6%
1996-2000	11.1%	9.0%	6.6%	4.7%	3.7%
Number of Bedrooms					
Zero bedrooms	0.3%	0.6%	1.4%	2.6%	6.7%
One bedroom	3.2%	6.5%	11.8%	18.5%	31.3%
Two bedrooms	13.2%	21.4%	29.0%	33.8%	32.0%
Three or more bedrooms	83.3%	71.6%	57.9%	45.1%	30.0%
Number of Rooms					
1-3 rooms	1.6%	3.8%	7.5%	13.1%	26.2%
4-6 rooms	26.9%	43.0%	53.9%	60.2%	57.5%
7-9 rooms	48.8%	41.6%	31.6%	22.5%	13.8%
10 or more rooms	22.7%	11.6%	7.0%	4.2%	2.5%
Households in Core Housing Need (% of group total)					
Households in Core Housing Need	0.0%	0.0%	2.5%	15.5%	59.9%

Source: CMHC (census-based indicators and data)

Average value of owner-occupied dwellings

The average dwelling value reported in the 2001 Census was about $118,000 for owners in the low-income group, and $126,000 in the moderate-income group, increasing successively to almost $227,000 for owners in the high-income group. Given increases in home prices, these values will have increased significantly since 2001.

Dwelling type

Most Canadian households live in single-detached dwellings, with the next most common dwelling type being apartments. As might be expected, there are significant differences in the type of dwelling occupied by households in the different income groups.

About half of low-income households, and 36 per cent of moderate-income households, live in apartments. The prevalence of apartment living decreases successively to about 10 per cent in the high-income group *(see Figure 59).*

About 34 per cent of low-income households live in single-detached dwellings. The percentage in single-detached dwellings increases successively to about 78 per cent in the high-income group.

Only a small proportion of Canadian households live in movable dwellings—just under 2 per cent of low-income and moderate-income households, and less than one-half per cent of high-income households.

Dwelling age

Low- and moderate-income households have a greater tendency to live in relatively older dwellings. About 17 per cent of low-income households, and 16 per cent of moderate-income households, live in dwellings constructed prior to 1946. This percentage decreases to 11 per cent for high-income households. Older homes built prior to 1946 have a higher incidence of need for major repairs.

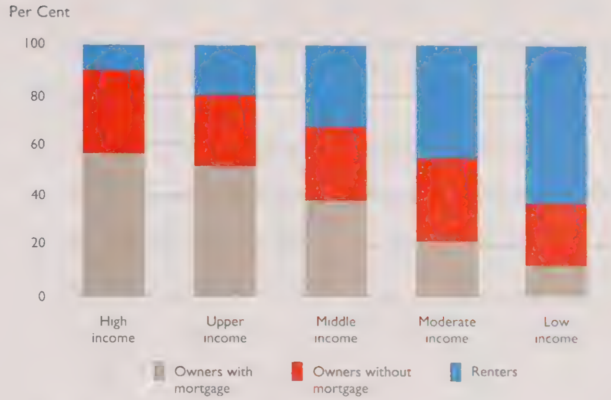
Similar to the pattern observed for the housing stock constructed prior to 1946, just under 20 per cent of low- and moderate-income households live in dwellings constructed between 1946 and 1960. This percentage decreases to 12 per cent for high-income households.

A substantial proportion of households in all income groups (ranging from 32 to 40 per cent) live in dwellings constructed between 1961 and 1980.

Conversely, households in the middle-, upper- and high-income groups are more likely to live in newer homes, compared with households in the lower income groups. Only one-quarter of all low- and moderate-income households lived in newer homes built between 1981 and 2001. Almost twice as many high-income households (45 per cent) resided in this component of the housing stock.

FIGURE 58

DISTRIBUTION OF HOUSEHOLDS BY TENURE, CANADA, 2001



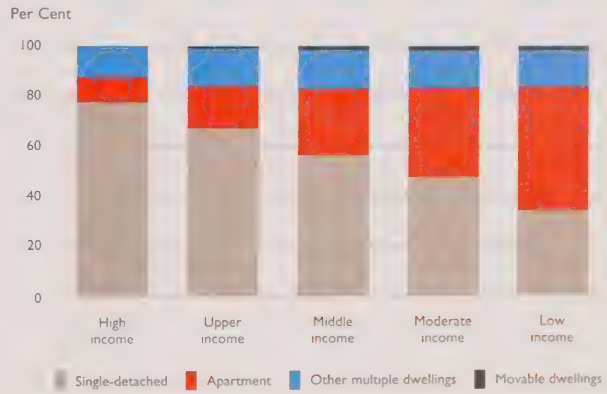
Source: CMHC (census-based indicators and data)

Dwelling size

The Census provides information on the number of rooms, and the number of bedrooms, per dwelling—two indicators of dwelling size. Low- and moderate-income households typically occupy dwellings with fewer bedrooms and fewer rooms than do the middle- and higher-income groups.

FIGURE 59

DISTRIBUTION OF HOUSEHOLDS BY DWELLING TYPE, CANADA, 2001



Source: CMHC (census-based indicators and data)

FIGURE 60

MONTHLY AVERAGE SHELTER COST BY INCOME GROUP, CANADA, 2001

Source: CMHC (census-based indicators and data)

About one-quarter of low-income households, and 13 per cent of moderate-income households, occupy dwellings with three or less rooms.[104] The percentage decreases to less than two per cent for high-income households.

Most households, across all income groups, live in homes with at least four rooms. The majority of low-, moderate-, and middle-income households live in homes with four to six rooms. The majority of upper- and high-income households reside in homes with seven or more rooms.

The number of bedrooms[105] provides another measure of dwelling size, one which provides a better indication of the number of residents that can be comfortably accommodated.

About 7 per cent of low-income households, and 3 per cent of moderate-income households, occupied a dwelling with no separate bedroom (a bachelor apartment). The percentage decreases to less than half of one per cent for high-income households. Bachelor apartments can be an affordable housing alternative for single person households, particularly in areas where housing costs are high.

Most low- and moderate-income households reside in dwellings with two or fewer bedrooms. In the case of low-income households, there are roughly similar proportions of households (just under one-third) living in one- and two-bedroom units, respectively. The trend among moderate-income households is somewhat different, as almost twice as many households (34 per cent) live in two-bedroom units than live in one-bedroom units (19 per cent). The majority of middle-, upper- and high-income households live in dwellings with three or more bedrooms, with fully 83 per cent of high-income households living in units of this size.

Shelter costs and affordability

Given the low income (ranging up to about $21,000, and averaging about $12,000) of households in the low-income group, it is not surprising that their shelter costs, at $534 per month *(see Figure 60)*, are lower than those of households in the other income groups. Nonetheless, despite paying lower shelter costs, the proportion of income used to pay for shelter costs is significantly higher for households in the bottom income group. Only about three in ten households pay less than 30 per cent of their before-tax household income for shelter costs, the benchmark for affordable housing. The remaining seven out of ten households pay 30 per cent or more.

The shelter costs of moderate-income households are also relatively low, at $611 per month. Shelter costs increase successively, reaching over $1,100 per month in the high-income group.

Shelter costs vary considerably for households in the high-income group. Geography, household size, and age of dwelling are just a few of the many factors that affect what

104 For the purposes of the Census, a room is defined as an enclosed area within a dwelling which is finished and suitable for year-round living. Not counted as rooms are bathrooms, halls, vestibules and rooms used solely for business purposes.

105 For the purposes of the Census, bedroom is defined as all rooms designed and furnished as bedrooms and used mainly for sleeping purposes, even though the use may be occasional (e.g. spare bedroom). Rooms used for one purpose during the day and as bedrooms at night (for example, a living room used as a bedroom during the night) are not included as bedrooms.

a household spends on shelter. Owner households in the high-income group pay $1,116 a month on average, but fall into two distinct groups: those with a mortgage spend an average of $1,481 a month on shelter costs, while those without a mortgage pay almost 70 per cent less ($483).

While households in the upper- and high-income groups generally pay above average shelter costs, the proportion of their income that shelter costs account for is low. Households in the upper- and high-income groups report spending averages of 15 per cent and 11 per cent, respectively, of their income on shelter costs. Owner households in the high-income group without a mortgage spend even less: just 4.5 per cent of their before-tax income is devoted to shelter costs, almost all in property taxes and utility costs.

Dwelling amenities

Canadians are equipping their homes with an ever-broadening array of amenities aimed at reducing the burden of household chores and increasing the comfort and in-home recreation and entertainment features available to household members.

Virtually all households in the high-income group report owning washing machines, clothes dryers, and microwave ovens, while the majority also own dishwashers.[106] Most of these homes also have home entertainment devices. Virtually all own televisions, with the majority having more than one. Most households have cablevision or a satellite dish and a VCR. Almost 90 per cent of these households have a home computer.

Households in the low- and moderate-income groups are less likely than those in the higher-income groups to have sufficient income after paying shelter costs to be able to afford common household amenities. Fewer households in the low- and moderate-income groups have washing machines, clothes dryers and dishwashers. Tenure differences among the income groups is likely a big factor in this, as rental units are less likely to include appliances such as these.

Explanation of Core Housing Need

The term "acceptable housing" refers to housing that is in adequate condition, of suitable size, and affordable.

- **Adequate** dwellings are those reported by their residents as not requiring any major repairs.
- **Suitable** dwellings have enough bedrooms for the size and make-up of resident households, according to National Occupancy Standard (NOS) requirements.
- **Affordable** dwellings cost less than 30 per cent of before-tax household income.

Households which occupy housing that falls below any of the dwelling adequacy, suitability or affordability standards, and which would have to spend 30 per cent or more of their before-tax income to pay for the median rent of alternative local market housing that meets all three standards, are said to be in core housing need.

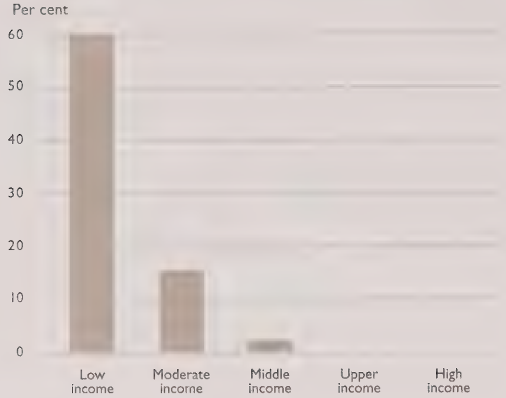
In 2001 Census data, some 450,000 households in the lowest group reported spending the equivalent of their before-tax household income or more on shelter costs. These households reported an average income of just $4,700 yet their reported annual shelter costs averaged $10,200. This may suggest that they were using their previously accumulated assets, or borrowing, to pay for their shelter costs, that someone outside of the household was paying for at least some of their shelter costs, or that their income in 2001 was higher than that reported for 2000 on the Census. Since the situation of these households is unclear and their shelter cost-to-income ratios can not be interpreted with certainty, these households are not examined for core housing need.[107]

106 Data on household amenities and on household spending (excluding shelter cost data) are based on Statistics Canada's *Survey of Household Spending*. The income groups (quintiles) for these survey data, while slightly different, are comparable to the ones derived from the Census for this chapter. See Statistics Canada, *Spending Patterns in Canada*, 2001 Catalogue no. 62-202-X1E for more information.

107 As the Census collects shelter costs being paid by the household in the month of the Census, but collects incomes from the previous complete calendar year, households whose income or shelter costs changed notably between the two reference periods could also have very high shelter cost-to-income ratios ("STIRs").

FIGURE 61

PER CENT OF HOUSEHOLDS IN CORE HOUSING NEED IN EACH INCOME GROUP, CANADA, 2001



Source: CMHC (census-based indicators and data)

Households in core housing need

According to the 2001 Census, approximately 70 per cent of Canadian households live in acceptable housing – affordable, uncrowded housing that is in a good state of repair. Another 16 per cent have the incomes required to obtain acceptable housing at a cost of less than 30 per cent of their before-tax household income. This leaves just over 13.7 per cent of Canadian households (about 1.5 million households in total) in core housing need *(see definition in sidebar)*.

Not surprisingly, the incidence of core housing need is strongly influenced by household income. About 60 per cent of households in the low-income group are in core housing need. Almost all of these households are in core housing need because of affordability problems. The percentage of households in core housing need decreases significantly to about 15 per cent in the moderate-income group, and to 2 per cent in the middle-income group *(see Figure 61)*. As would be expected, there were no households in core housing need in the upper-income and high-income groups.

Despite the success of about 98 per cent of the households in the middle-income group in obtaining acceptable housing, some 56,000 households in this income group are in core housing need. Most of these households live in Toronto, where shelter costs are relatively high. They also tend to be larger households which require bigger, and typically more expensive, homes. While many of these households are in core housing need because of affordability problems, some 21,000 households are in core housing need, not because their current housing is unaffordable, but because it is crowded and they lack the income to obtain a suitably-sized home.

The average annual income of households in core housing need in the middle-income group is not that different from that of households that are not in core housing need; it is just under $4,200 dollars shy of the average for households not in core housing need. However, their shelter costs are much higher, averaging $1,177, some 65 per cent higher than those living in or able to access acceptable housing.

Shelter cost burdens limit resources available for non-housing expenditures

Obtaining acceptable housing can place a severe strain on the budgets of households with low- and moderate-incomes. As the previous section has illustrated, many of these households do not currently have acceptable housing and lack the incomes to obtain it, leaving them in core housing need. Housing cost burdens, even for housing that is need of major repair or lacking sufficient space to suitably accommodate all household members, present low- and moderate-income households with difficult choices when trying to balance their housing costs against expenditures on other household necessities.

Low-income households in core housing need have very little left over after paying their shelter expenses for other necessities such as food and clothing, for goods and services (such as recreation) that can contribute to quality of life, or for health care and education that contribute to advancing independance and economic prospects. They spent, on average, $533 per month, or close to half of their monthly income, on shelter *(see Figure 62)*, leaving them with, on average, only $548 per month for all other expenses.

FIGURE 62

AVERAGE MONTHLY HOUSEHOLD INCOME AND SPENDING BY INCOME QUINTILE, CANADA, 2001

Part 1 **Average household income per month**		High income	Upper income	Middle income	Moderate income	Low income
All households	Total - tenure	$11,245	$5,836	$3,933	$2,439	$1,015
	Owners	$11,372	$5,863	$3,963	$2,458	$1,092
	With Mortgage	$10,655	$5,878	$3,988	$2,520	$999
	Without Mortgage	$12,613	$5,836	$3,930	$2,416	$1,140
	Rented	$10,138	$5,728	$3,872	$2,415	$970
Core housing need households	Total - tenure	n/a	n/a	$3,595	$2,259	$1,081
	Owners	n/a	n/a	$3,614	$2,289	$1,104
	With Mortgage	n/a	n/a	$3,610	$2,320	$1,227
	Without Mortgage	n/a	n/a	$3,643	$2,176	$1,017
	Rented	n/a	n/a	$3,573	$2,239	$1,071
Average shelter costs per month						
All households	Total - tenure	$1,106	$881	$739	$611	$534
	Owners	$1,116	$899	$750	$591	$531
	With Mortgage	$1,481	$1,175	$1,050	$979	$971
	Without Mortgage	$483	$390	$356	$330	$305
	Rented	$1,017	$809	$715	$636	$536
Core housing need households	Total - tenure	n/a	n/a	$1,177	$900	$533
	Owners	n/a	n/a	$1,368	$1,026	$535
	With Mortgage	n/a	n/a	$1,503	$1,175	$754
	Without Mortgage	n/a	n/a	$460	$474	$380
	Rented	n/a	n/a	$962	$815	$532
Part 2 **All other average monthly expenses other than housing**						
	Food	$830	$639	$527	$415	$273
	Transportation	$1,239	$796	$579	$391	$159
	Recreation	$610	$366	$241	$145	$78
	Household Operation	$370	$259	$207	$154	$101
	Furnishings	$293	$166	$118	$76	$37
	Clothing	$405	$244	$174	$117	$60
	Health care	$178	$135	$123	$99	$57
	Personal care	$138	$97	$74	$58	$34
	Reading	$41	$27	$21	$16	$9
	Education	$181	$85	$50	$33	$26
	Tobacco and alcohol	$156	$134	$117	$85	$55
	Gambling	$28	$27	$22	$21	$13
	Misc	$148	$82	$65	$43	$21
	Total	$4,617	$3,058	$2,317	$1,652	$922

Note to Part 1 of the Table:
All households refers to those households reporting positive incomes. **Core housing need households** refers only to those reporting positive incomes and interpretable shelter cost-to-income ratios (STIRs). The latter group excludes 470,000 households reporting that they spent the equivalent of their before-tax household income or more on shelter costs (STIRs of 100% or greater). CMHC is unable to determine if STIRs of 100% or more result from dis-saving (using assets to pay for shelter costs), relying on someone outside the household to pay for some of the shelter costs, or from the fact that income data collected by the census refer to the previous year while shelter costs refer to the current year. CMHC excludes households reporting such STIRs from its core housing need analyses.

Source: Part 1 - CMHC (census-based housing indicators and data); Part 2 - Statistics Canada (Spending Patterns in Canada 2001, Catalogue no. 62-202-XPE)

For comparison, the average low-income household in 2001 spent over $900 per month on non-shelter expenses. Clearly, low-income households in core housing need cannot access the same goods and services as the typical household with low income, let alone those in the moderate- and middle-income groups. This can put them at risk for social exclusion, with their income limiting the ability of household members to fully participate in the social and economic life of their communities.[108]

Moderate-income households are somewhat better off than low-income households, in terms of the severity of their budget constraints, but this can be misleading insofar as low wage earners pay for some services that are included in income security programs accessed by some low-income households.

Moderate-income households in core housing need spent, on average, $900, or about 40 per cent of their monthly income, on shelter. This left these households with, on average, $1,359 per month for all other expenses, as compared to the $1,652 per month spent, on average, on non-shelter expenses by all moderate-income households in 2001.

The affordable housing challenge

As described elsewhere in this year's *Observer*, the housing conditions enjoyed by Canadians have improved significantly over the past six decades, in terms of both the quantity and quality of housing available to meet their evolving needs. As a consequence, the majority of Canadians are well-housed today. It is apparent, though, that the housing outcomes experienced by Canadian households differ based on the income that they have available to satisfy their housing needs and preferences.

Middle-, upper- and high-income households enjoy a broad range of housing choices and currently occupy housing with a range of amenities. Two-thirds of these households are homeowners and the majority live in single-detached homes. Due to their limited incomes, low- and moderate-income households face greater challenges in addressing their housing needs and in balancing housing costs against other household expenses. Low-income households face the greatest challenges, with the majority of these households falling into core housing need.

When households need to dedicate a high proportion of their income to shelter, the income left over to adequately address other household needs is often lacking. Expanding access to affordable housing helps low- and moderate-income households to better address their housing and non-housing needs. Addressing this challenge requires an adequate supply of affordable housing, as well as appropriate employment opportunities and income supports to enable low- and moderate-income households to obtain acceptable housing and meet their other needs.

108 Policy Research Initiative, *Horizons*, Volume 7, No. 2, December 2004, pages 27-33

APPENDIX

Key Housing Statistics

LIST OF Tables

TABLE 1

Housing Market Indicators, Canada, 1996–2005

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Construction										
Starts, total	124,713	147,040	137,439	149,968	151,653	162,733	205,034	218,426	233,431	225,481
Starts, single	77,996	93,186	86,431	92,190	92,184	96,026	125,374	123,227	129,171	120,463
Starts, multiple	46,717	53,854	51,008	57,778	59,469	66,707	79,660	95,199	104,260	105,018
Semi-detached	9,305	11,385	10,043	11,096	11,530	11,883	13,584	13,644	14,297	13,477
Row	14,350	17,256	15,287	14,895	15,247	15,166	18,482	20,343	22,067	22,134
Apartment	23,062	25,213	25,678	31,787	32,692	39,658	47,594	61,212	67,896	69,407
Starts by Intended Market:[1]										
Homeownership	71,553	88,009	82,892	89,189	92,283	95,125	123,106	121,890	124,678	114,008
Rental	6,643	7,559	6,531	9,276	10,155	14,681	18,841	19,939	20,343	17,210
Condo	23,076	27,471	27,351	28,434	28,319	31,986	36,798	49,212	58,852	60,251
Other	532	182	19	204	295	488	379	870	516	2,002
Total	101,804	123,221	116,793	127,103	131,052	142,280	179,124	191,911	204,389	193,471
Completions, total	117,834	143,386	133,941	140,986	145,873	151,936	185,626	199,244	215,621	211,242
Resale Market										
MLS® sales (units)[2]	324,349	331,092	314,569	335,490	334,375	381,484	419,242	435,070	460,790	483,233
MLS® sales/new listings (per cent)[2]	47.6	49.9	49.6	56.3	55.9	62.7	68.5	65.7	63.5	63.8
Available Supply										
Newly completed and unabsorbed homes[3]	14,278	13,738	15,079	14,230	13,587	10,509	10,251	11,392	14,392	13,654
Single and semi-detached	6,371	6,443	6,877	6,304	6,319	5,291	4,755	5,092	5,797	5,064
Row and apartment	7,907	7,295	8,202	7,926	7,268	5,218	5,496	6,300	8,595	8,590
Rental vacancy rate (per cent)[4]	4.5	4.5	4.0	3.2	2.2	1.7	2.1	2.6	2.9	2.8
Availability rate[4]	NA	NA	NA	NA	NA	NA	NA	NA	3.9	4.0
Housing Costs										
MLS® average price ($)[2]	150,886	154,606	152,365	158,145	163,992	171,743	188,754	207,111	226,337	249,311
New Housing Price Index (per cent change)[6]	-1.9	0.8	0.9	0.9	2.2	2.7	4.1	4.8	5.5	5.0
Consumer Price Index (per cent change)[6]	1.6	1.6	1.0	1.7	2.7	2.5	2.2	2.8	1.8	2.2
Construction materials cost index (per cent change)	2.2	0.7	-0.3	4.5	-0.5	0.4	1.9	1.3	6.7	-1.3
Construction wage rate index (per cent change)[6]	NA	NA	0.6	2.5	3.8	2.2	1.0	2.4	1.4	1.8
Owned accommodation costs (per cent change)[6]	-0.7	-1.0	0.1	1.1	2.6	2.9	1.7	3.0	2.8	3.1
Rental accommodation costs (per cent change)[6]	1.3	1.2	1.1	1.0	1.1	1.6	2.0	1.5	1.1	0.8
Average rent ($)[4]										
Bachelor	413	420	432	448	469	490	503	516	523	529
One-bedroom	522	527	543	560	582	606	626	637	645	659
Two-bedroom	593	597	616	628	647	672	693	703	719	731
3+ bedroom	654	662	679	697	720	751	774	788	806	815
Demand Influences										
Population on July 1 (thousands)[5]	29,611	29,907	30,157	30,404	30,689	31,021	31,373	31,669	31,974	32,271
Labour force participation rate (per cent)[5]	64.7	64.8	65.1	65.5	65.8	65.9	66.9	67.5	67.5	67.2
Employment (per cent change)[6]	0.9	2.1	2.5	2.6	2.5	1.2	2.4	2.4	1.8	1.4
Unemployment rate (per cent)[5]	9.6	9.1	8.3	7.6	6.8	7.2	7.7	7.6	7.2	6.8
Real disposable income (per cent change)[6]	0.0	1.8	2.9	3.0	5.0	2.8	1.7	2.3	3.2	2.5
1-year mortgage rate (per cent)	6.19	5.54	6.50	6.80	7.85	6.14	5.17	4.84	4.59	5.06
3-year mortgage rate (per cent)	7.33	6.56	6.77	7.37	8.17	6.88	6.28	5.82	5.65	5.59
5-year mortgage rate (per cent)	7.93	7.07	6.93	7.56	8.35	7.40	7.02	6.39	6.23	5.99
Net migration[5]	167,546	165,616	131,768	135,427	174,769	232,741	243,675	190,742	200,772	192,933
Housing in GDP ($ millions)[5]										
Rent imputed to owners	71,761	74,080	76,751	79,346	82,586	86,014	90,313	94,459	99,112	103,713
Rent paid by tenants	25,632	26,425	27,223	28,173	29,059	30,092	31,491	32,829	34,133	35,422
Total consumption-related spending (including repairs)	118,060	121,535	124,150	129,025	135,618	141,225	147,315	155,443	162,192	170,325
New construction (including acquisition costs)	18,128	21,503	21,106	22,321	23,676	25,931	33,242	37,047	42,508	44,145
Alterations and improvements	14,220	15,009	14,904	15,661	17,549	20,632	22,089	24,209	27,099	29,431
Transfer costs	7,409	7,253	6,722	7,375	7,617	8,797	10,595	11,821	13,689	15,852
Total residential investment	39,757	43,765	42,732	45,357	48,842	55,360	65,926	73,077	83,296	89,428
Total housing-related spending in GDP[6]	157,817	165,300	166,882	174,382	184,460	196,585	213,241	228,520	245,488	259,753

1 Housing units in centres 10,000+
2 MLS® is a registered trademark of the Canadian Real Estate Association.
3 Housing units in centres 50,000+ for which construction has been completed but which have not been rented or sold
4 In privately initiated apartment structures with at least 3 units
5 Statistics Canada (CANSIM II)
6 CMHC, adapted from Statistics Canada (CANSIM II)

Source: CMHC (*Starts and Completions Survey, Market Absorption Survey, Rental Market Survey*); CREA (MLS®); Bank of Canada (mortgage rates); Statistics Canada (CANSIM II and custom tabulation of construction materials cost index)

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 2

Total Housing Starts, Canada, Provinces and Metropolitan Areas, 1996–2005 (units)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Canada	124,713	147,040	137,439	149,968	151,653	162,733	205,034	218,426	233,431	225,481
Provinces										
Newfoundland and Labrador	2,034	1,696	1,450	1,371	1,459	1,788	2,419	2,692	2,870	2,498
Prince Edward Island	554	470	524	616	710	675	775	814	919	862
Nova Scotia	4,059	3,813	3,137	4,250	4,432	4,092	4,970	5,096	4,717	4,775
New Brunswick	2,722	2,702	2,447	2,776	3,079	3,462	3,862	4,489	3,947	3,959
Quebec	23,220	25,896	23,138	25,742	24,695	27,682	42,452	50,289	58,448	50,910
Ontario	43,062	54,072	53,830	67,235	71,521	73,282	83,597	85,180	85,114	78,795
Manitoba	2,318	2,612	2,895	3,133	2,560	2,963	3,617	4,206	4,440	4,731
Saskatchewan	2,438	2,757	2,965	3,089	2,513	2,381	2,963	3,315	3,781	3,437
Alberta	16,665	23,671	27,122	25,447	26,266	29,174	38,754	36,171	36,270	40,847
British Columbia	27,641	29,351	19,931	16,309	14,418	17,234	21,625	26,174	32,925	34,667
Metropolitan Areas										
St. John's	1,001	932	741	807	935	1,029	1,350	1,604	1,834	1,534
Halifax	2,022	2,065	1,739	2,356	2,661	2,340	3,310	3,066	2,627	2,451
Saint John	306	234	278	296	346	374	397	580	516	501
Saguenay	309	500	502	305	296	336	596	435	347	464
Québec	2,208	2,233	1,845	1,814	2,275	2,555	4,282	5,599	6,186	5,835
Sherbrooke	797	756	590	645	515	589	857	1,070	1,355	1,076
Trois-Rivières	486	520	599	380	337	324	619	635	874	919
Montréal	7,556	10,508	10,293	12,366	12,766	13,300	20,554	24,321	28,673	25,317
Gatineau	1,044	1,262	1,244	1,185	1,224	1,659	2,553	2,801	3,227	2,123
Ottawa	3,066	3,485	3,615	4,447	5,786	6,251	7,796	6,381	7,243	4,982
Kingston	533	559	486	656	659	707	810	1,131	872	683
Oshawa	1,563	2,064	1,759	2,463	2,874	2,561	3,490	3,907	3,153	2,934
Toronto	18,998	25,574	25,910	34,904	38,982	41,017	43,805	45,475	42,115	41,596
Hamilton	2,642	3,698	3,627	3,923	3,108	3,365	3,803	3,260	4,093	3,145
St. Catharines-Niagara	995	1,462	1,319	1,485	1,230	1,134	1,317	1,444	1,781	1,412
Kitchener	1,968	2,171	2,549	2,821	3,509	3,537	4,130	3,955	3,912	3,763
London	1,394	1,807	2,027	1,773	1,713	1,607	2,604	3,027	3,078	3,067
Windsor	2,300	2,102	1,938	2,387	2,382	2,157	2,490	2,237	2,287	1,496
Greater Sudbury	346	281	165	199	173	191	298	306	388	400
Thunder Bay	296	266	224	232	154	211	197	211	287	227
Winnipeg	1,135	1,518	1,575	1,772	1,317	1,473	1,821	2,430	2,489	2,586
Regina	434	516	537	573	615	626	651	889	1,242	888
Saskatoon	1,208	1,187	1,137	1,273	968	900	1,489	1,455	1,578	1,062
Calgary	7,111	11,215	12,495	10,600	11,093	11,349	14,339	13,642	14,008	13,667
Edmonton	3,634	4,962	5,947	6,655	6,228	7,855	12,581	12,380	11,488	13,294
Abbotsford	865	871	536	566	405	418	1,038	1,056	1,083	1,012
Vancouver	15,453	15,950	11,878	8,677	8,203	10,862	13,197	15,626	19,430	18,914
Victoria	1,142	1,311	964	1,340	872	1,264	1,344	2,008	2,363	2,058

Source: CMHC (*Starts and Completions Survey*)

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 3

MLS® Total Residential Sales, Canada, Provinces and Metropolitan Areas, 1996–2005 (units)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Canada	324,349	331,092	314,569	335,490	334,375	381,484	419,242	435,070	460,790	483,233
Provinces										
Newfoundland and Labrador	2,005	2,170	2,288	2,437	2,593	2,808	3,014	3,238	3,265	3,211
Prince Edward Island	750	806	1,125	1,184	1,206	1,234	1,306	1,404	1,500	1,449
Nova Scotia	8,372	7,567	8,052	8,827	8,577	9,441	10,243	9,221	8,887	10,387
New Brunswick	4,023	3,941	3,908	4,376	4,524	4,779	5,089	5,489	5,979	6,836
Quebec	39,135	43,463	45,192	49,792	54,160	62,351	68,161	67,130	69,296	70,649
Ontario	140,425	141,435	138,479	148,659	147,158	162,318	178,058	184,457	197,353	197,007
Manitoba	10,965	11,180	10,762	10,867	10,612	11,440	11,108	11,523	12,098	12,761
Saskatchewan	8,689	8,346	8,068	8,053	7,552	7,971	7,933	7,698	8,172	8,312
Alberta	37,485	43,693	43,383	42,684	43,311	48,989	51,042	51,334	57,460	65,866
British Columbia	72,182	68,182	52,910	58,084	54,179	69,554	82,737	93,095	96,385	106,310
Metropolitan Areas										
St. John's	2,005	2,170	2,288	2,437	2,593	2,808	3,014	3,238	3,265	3,211
Halifax	5,442	5,072	5,129	5,853	5,610	6,212	6,687	5,813	5,516	6,422
Saint John	1,346	1,274	1,353	1,530	1,484	1,510	1,505	1,636	1,612	1,901
Saguenay	1,033	1,009	933	1,043	1,219	1,362	1,436	1,557	1,617	1,572
Québec	5,473	6,427	6,363	6,570	7,311	8,204	8,771	7,965	8,065	8,906
Sherbrooke	1,597	1,663	1,628	1,764	1,971	1,951	2,178	2,304	2,586	2,598
Trois-Rivières	1,136	956	1,035	1,213	1,279	1,363	1,532	1,492	1,588	1,554
Montréal	26,659	30,167	31,468	35,325	37,269	43,486	47,913	47,436	48,564	49,506
Gatineau	1,766	2,071	2,306	2,708	3,582	4,549	4,518	4,600	4,634	4,733
Ottawa	8,648	9,431	9,552	11,334	12,692	12,240	12,894	12,877	13,457	13,300
Kingston	2,272	2,400	2,500	2,728	2,838	3,274	3,646	3,651	3,764	3,464
Oshawa	7,185	7,274	7,073	7,370	7,282	8,085	8,520	9,025	9,816	9,232
Toronto	58,283	58,841	55,360	58,957	58,349	67,612	74,759	79,366	84,854	85,672
Hamilton	10,224	9,972	10,017	10,543	10,347	11,334	12,482	12,807	13,176	13,565
St. Catharines - Niagara	5,457	5,509	5,794	5,863	5,207	5,488	5,951	6,174	6,722	6,698
Kitchener	4,666	4,307	4,365	4,695	4,569	4,816	5,253	5,310	5,931	6,147
London	6,906	6,454	6,562	6,864	6,616	7,503	8,290	8,412	9,238	9,133
Windsor	4,898	4,807	4,676	4,692	4,616	4,741	4,938	5,381	5,832	5,661
Greater Sudbury	2,198	1,901	1,693	1,744	1,825	1,937	2,031	2,191	2,500	2,593
Thunder Bay	1,458	1,431	1,311	1,301	1,279	1,354	1,599	1,662	1,447	1,358
Winnipeg	9,905	10,042	9,748	9,770	9,465	10,215	9,881	10,201	10,797	NA
Regina	3,099	2,926	2,886	2,781	2,612	2,792	2,817	2,640	2,785	2,730
Saskatoon	3,359	3,153	3,010	3,039	2,758	2,987	2,941	2,848	2,999	3,246
Calgary	17,766	21,559	20,554	20,197	19,828	22,512	24,706	24,359	26,511	31,569
Edmonton	11,566	13,017	13,727	13,594	14,189	16,079	15,923	16,277	17,652	18,634
Abbotsford	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vancouver	28,555	26,946	19,612	22,944	21,244	28,732	34,909	39,022	37,972	42,222
Victoria	6,231	5,845	4,981	5,063	4,863	6,410	7,069	7,581	7,685	7,970

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The geographic definitions used by CREA differ from those used by Statistics Canada.

Source: CREA (MLS®)

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 4

MLS® Average Residential Price, Canada, Provinces and Metropolitan Areas, 1996–2005 (dollars)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Canada	150,886	154,606	152,365	158,145	163,992	171,743	188,754	207,111	226,337	249,311
Provinces										
Newfoundland and Labrador	93,661	92,226	91,514	94,359	99,525	104,376	113,081	119,822	131,499	141,167
Prince Edward Island	83,922	86,403	79,577	82,138	82,884	87,696	94,964	101,745	110,815	117,238
Nova Scotia	93,444	96,693	97,015	102,628	109,839	115,485	126,669	136,292	146,033	159,556
New Brunswick	84,198	87,204	85,948	88,072	91,624	95,947	100,129	105,858	112,933	120,641
Quebec	98,435	101,715	103,947	107,501	111,296	115,820	130,403	151,881	171,099	184,583
Ontario	155,725	164,301	167,112	174,049	183,841	193,357	210,901	226,824	245,230	263,042
Manitoba	85,318	85,404	86,419	86,423	87,884	93,192	96,531	106,788	119,245	133,854
Saskatchewan	77,478	83,978	87,577	91,396	94,047	98,310	101,297	104,995	110,824	122,765
Alberta	117,673	124,865	132,905	139,621	146,258	153,737	170,253	182,845	194,769	218,266
British Columbia	218,687	220,512	212,046	215,283	221,371	222,822	238,877	259,968	289,107	332,224
Metropolitan Areas										
St. John's	93,661	92,226	91,514	94,359	99,525	104,376	113,081	119,822	131,499	141,167
Halifax	105,869	109,827	114,025	118,522	128,003	134,106	148,737	162,486	175,132	188,484
Saint John	82,066	86,171	87,087	88,731	93,697	97,348	103,544	106,473	116,836	119,718
Saguenay	69,313	71,554	72,619	75,803	77,166	80,213	83,982	87,870	93,243	100,891
Québec	84,994	84,051	85,883	88,091	90,079	93,354	102,627	117,586	129,149	141,485
Sherbrooke	81,232	85,711	87,369	89,258	93,269	98,167	105,938	118,348	138,473	152,886
Trois-Rivières	68,341	69,554	69,384	68,698	69,571	70,144	75,363	81,960	90,728	99,010
Montréal	105,729	109,720	112,516	116,218	121,544	125,744	142,603	166,930	189,050	203,720
Gatineau	94,351	90,275	90,353	90,989	92,338	99,990	112,971	130,526	150,264	156,591
Ottawa	140,513	143,866	143,914	149,626	159,511	175,972	200,711	219,713	238,152	248,358
Kingston	120,917	124,123	124,787	126,803	129,639	132,048	144,413	159,694	175,821	195,757
Oshawa	151,985	158,376	163,369	169,568	179,241	186,448	204,103	219,341	237,084	252,606
Toronto	196,476	210,453	216,795	228,372	243,249	251,508	275,887	293,308	315,266	336,176
Hamilton	142,267	151,538	153,628	158,162	164,168	172,567	183,442	197,744	215,922	229,753
St. Catharines - Niagara	114,072	117,778	121,981	126,155	129,390	133,715	144,720	154,559	170,452	182,443
Kitchener	134,839	141,387	143,104	146,495	157,317	164,548	177,559	188,905	205,639	220,511
London	129,338	131,382	131,299	131,254	135,857	137,717	142,745	153,637	167,344	178,910
Windsor	122,250	125,714	132,328	135,839	137,453	140,206	149,656	151,524	159,597	163,001
Greater Sudbury	108,222	108,521	109,622	105,093	109,262	107,774	110,826	117,359	122,866	134,440
Thunder Bay	112,723	111,608	110,099	112,315	109,811	110,532	109,930	111,927	112,404	121,183
Winnipeg	86,142	86,040	86,838	86,614	88,553	94,214	98,054	108,812	121,925	NA
Regina	76,781	82,643	85,425	90,181	94,518	96,943	100,751	104,419	111,869	123,600
Saskatoon	88,132	98,270	104,776	109,822	112,567	116,472	118,999	125,191	132,549	144,787
Calgary	134,643	143,305	157,353	166,110	176,305	182,090	198,350	211,155	222,860	250,832
Edmonton	109,042	111,587	114,527	118,871	124,203	133,441	150,165	165,541	179,610	193,934
Abbotsford	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vancouver	288,268	287,094	278,659	281,163	295,978	285,910	301,473	329,447	373,877	425,745
Victoria	211,602	218,398	217,886	221,126	225,731	225,727	242,503	280,625	325,412	380,897

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The geographic definitions used by CREA differ from those used by Statistics Canada.

Source: CREA (MLS®)

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 5

Residential Mortgage Credit by Lending Institutions, Canada, 1996–2005 (billions of dollars)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Chartered Banks	191.4	213.5	232.2	241.0	262.3	279.3	306.7	329.7	352.5	378.2
Trust & Mortgage Loans Co.	39.8	31.5	22.4	19.9	6.1	5.2	5.5	6.0	6.8	7.9
Life Insurance Co. Policy Loans	21.7	21.4	20.0	18.1	17.8	17.2	16.8	15.8	15.4	15.0
Finance Companies, Non-Depository Credit Intermediaries and Other Institutions	28.6	29.8	29.2	27.5	25.7	24.4	23.8	24.3	25.3	26.5
Pension Funds	7.7	8.0	7.8	7.9	8.7	9.3	9.0	9.1	9.6	10.6
NHA Mortgage-backed Securities	15.7	14.5	17.9	23.5	30.8	34.6	39.3	49.8	68.5	87.0
Credit Unions & Caisses Populaires	48.2	50.8	52.2	53.3	55.4	58.0	63.3	69.1	76.6	84.5
Special Purpose Corporations (Securitization)	1.1	4.7	11.0	18.7	22.5	18.1	15.0	14.6	13.7	14.6
Total Outstanding Balances	354.2	374.2	392.7	409.9	429.3	446.1	479.4	518.4	568.4	624.3

Annual estimates have been calculated by averaging monthly residential mortgage credit data and therefore will differ from end-of-year estimates.

Source: CMHC (MBS), Statistics Canada (CANSIM)

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 6

NHA and Conventional Residential Mortgage Loans Approved by Lending Institutions, New and Existing, by Type of Lender, Canada, 1996–2005 (millions of dollars)[1]

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Chartered Banks										
New	7,364.3	9,515.0	10,072.6	11,195.3	10,619.5	13,082.2	17,880.6	18,865.2	20,237.0	21,101.3
Existing	43,920.1	47,731.9	45,054.0	49,033.3	43,597.4	64,504.6	79,646.6	95,498.4	113,957.8	124,683.3
Total	51,284.4	57,246.9	55,126.6	60,228.6	54,216.9	77,586.8	97,527.2	114,363.6	134,194.8	145,784.6
Trust Companies										
New	1,022.7	835.4	746.2	846.8	909.9	816.4	643.1	442.0	723.1	890.7
Existing	6,997.8	6,466.6	5,135.4	3,815.0	3,183.6	3,274.9	3,196.6	3,641.4	5,207.1	6,869.3
Total	8,020.5	7,302.0	5,881.6	4,661.8	4,093.6	4,091.3	3,839.7	4,083.4	5,930.2	7,760.0
Life Insurance & Other Companies										
New	1,350.6	1,149.6	1,245.5	1,439.1	2,107.4	2,706.9	4,197.1	3,398.5	4,050.5	5,074.8
Existing	10,015.6	9,621.7	9,461.8	11,991.8	14,507.4	10,796.6	14,748.5	16,043.0	19,991.5	23,486.7
Total	11,366.1	10,771.4	10,707.3	13,430.8	16,614.7	13,503.5	18,945.6	19,441.5	24,042.0	28,561.5
Total										
New	9,737.5	11,500.1	12,064.3	13,481.2	13,636.8	16,605.5	22,720.8	22,705.7	25,010.6	27,066.8
Existing	60,933.5	63,820.2	59,651.2	64,840.0	61,288.4	78,576.1	97,591.7	115,182.8	139,156.4	155,039.3
Total	70,671.0	75,320.2	71,715.5	78,321.2	74,925.2	95,181.6	120,312.5	137,888.5	164,167.0	182,106.1

1 Mortgage approval data are gross and may not fully capture lending activities of credit unions, caisses populaires, other smaller institutions and privately-insured loans.

Source: CMHC (NHA loan approval system and Conventional Lending Survey)

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 7

NHA and Conventional Residential Mortgage Loans Approved by Lending Institutions, New and Existing, by Type of Lender and Type of Dwelling, Canada, Provinces and Territories, 2005 (millions of dollars)[1]

	Chartered Banks			Trust Companies			Life Insurance and Other Companies			Total		
	New	Existing	Total	New	Existing	Total	New	Existing	Total	New	Existing	Total
Canada												
Single-detached	13,746.3	97,569.8	111,316.1	462.6	5,193.8	5,656.4	2,748.2	15,121.5	17,869.7	16,957.1	117,885.1	134,842.2
Multiple Dwellings	7,354.9	27,113.5	34,468.4	426.0	1,675.6	2,101.6	2,326.6	8,365.1	10,691.7	10,107.5	37,154.2	47,261.7
Total	21,101.2	124,683.3	145,784.5	888.6	6,869.4	7,758.0	5,074.8	23,486.6	28,561.4	27,064.6	155,039.3	182,103.9
Newfoundland and Labrador												
Single-detached	205.5	1,446.3	1,651.8	5.8	73.4	79.2	31.3	157.8	189.1	242.6	1,677.5	1,920.1
Multiple Dwellings	12.0	100.8	112.8	NA	1.7	1.7	4.3	18.1	22.4	16.3	120.6	136.9
Total	217.5	1,547.1	1,764.6	5.8	75.1	80.9	35.6	175.9	211.5	258.9	1,798.1	2,057.0
Prince Edward Island												
Single-detached	44.9	318.2	363.1	NA	32.5	32.5	4.6	39.7	44.3	49.5	390.4	439.9
Multiple Dwellings	8.5	42.2	50.7	0.0	1.4	1.4	1.5	5.9	7.4	10.0	49.5	59.5
Total	53.4	360.4	413.8	0.0	33.9	33.9	6.1	45.6	51.7	59.5	439.9	499.4
Nova Scotia												
Single-detached	302.7	2,657.0	2,959.7	30.8	147.9	178.7	51.8	389.4	441.2	385.3	3,194.3	3,579.6
Multiple Dwellings	132.8	467.9	600.7	36.3	89.3	125.6	89.8	163.0	252.8	258.9	720.2	979.1
Total	435.5	3,124.9	3,560.4	67.1	237.2	304.3	141.6	552.4	694.0	644.2	3,914.5	4,558.7
New Brunswick												
Single-detached	184.0	1,438.1	1,622.1	6.4	99.8	106.2	54.9	380.0	434.9	245.3	1,917.9	2,163.2
Multiple Dwellings	38.5	154.7	193.2	1.9	8.9	10.8	15.9	49.4	65.3	56.3	213.0	269.3
Total	222.5	1,592.8	1,815.3	8.3	108.7	117.0	70.8	429.4	500.2	301.6	2,130.9	2,432.5
Quebec												
Single-detached	1,485.4	10,158.8	11,644.2	22.0	650.3	672.3	572.2	2,764.3	3,336.5	2,079.6	13,573.4	15,653.0
Multiple Dwellings	856.7	5,367.5	6,224.2	5.2	286.5	291.7	509.2	2,476.7	2,985.9	1,371.1	8,130.7	9,501.8
Total	2,342.1	15,526.3	17,868.4	27.2	936.8	964.0	1,081.4	5,241.0	6,322.4	3,450.7	21,704.1	25,154.8
Ontario												
Single-detached	5,863.5	47,645.2	53,508.7	151.2	2,087.3	2,238.5	753.8	5,916.0	6,669.8	6,768.5	55,648.5	62,417.0
Multiple Dwellings	3,010.0	11,923.7	14,933.7	129.5	726.9	856.4	624.9	3,024.0	3,648.9	3,764.4	15,674.6	19,439.0
Total	8,873.5	59,568.9	68,442.4	280.7	2,814.2	3,094.9	1,378.7	8,940.0	10,318.7	10,532.9	71,323.1	81,856.0
Manitoba												
Single-detached	339.7	2,225.5	2,565.2	14.7	390.9	405.6	68.7	702.9	771.6	423.1	3,319.3	3,742.4
Multiple Dwellings	49.0	178.7	227.7	NA	19.0	19.0	7.8	68.2	76.0	56.8	265.9	322.7
Total	388.7	2,404.2	2,792.9	14.7	409.9	424.6	76.5	771.1	847.6	479.9	3,585.2	4,065.1
Saskatchewan												
Single-detached	195.9	1,581.2	1,777.1	29.6	259.5	289.1	62.7	348.7	411.4	288.2	2,189.4	2,477.6
Multiple Dwellings	56.2	142.9	199.1	3.9	26.8	30.7	12.3	29.3	41.6	72.4	199.0	271.4
Total	252.1	1,724.1	1,976.2	33.5	286.3	319.8	75.0	378.0	453.0	360.6	2,388.4	2,749.0
Alberta												
Single-detached	3,634.8	12,126.1	15,760.9	179.7	867.0	1,046.7	925.7	2,406.5	3,332.2	4,740.2	15,399.6	20,139.8
Multiple Dwellings	1,409.4	2,684.8	4,094.2	91.9	251.7	343.6	432.4	991.0	1,423.4	1,933.7	3,927.5	5,861.2
Total	5,044.2	14,810.9	19,855.1	271.6	1,118.7	1,390.3	1,358.1	3,397.5	4,755.6	6,673.9	19,327.1	26,001.0
British Columbia												
Single-detached	1,460.9	17,709.3	19,170.2	20.5	565.3	585.8	221.5	2,010.4	2,231.9	1,702.9	20,285.0	21,987.9
Multiple Dwellings	1,770.8	5,950.9	7,721.7	157.3	259.7	417.0	628.5	1,536.5	2,165.0	2,556.6	7,747.1	10,303.7
Total	3,231.7	23,660.2	26,891.9	177.8	825.0	1,002.8	850.0	3,546.9	4,396.9	4,259.5	28,032.1	32,291.6
Yukon, N.W.T. and Nunavut												
Single-detached	29.0	264.1	293.1	1.9	19.9	21.8	1.0	5.8	6.8	31.9	289.8	321.7
Multiple Dwellings	11.0	99.4	110.4	NA	3.7	3.7	0.0	3.0	3.0	11.0	106.1	117.1
Total	40.0	363.5	403.5	1.9	23.6	25.5	1.0	8.8	9.8	42.9	395.9	438.8

1 Mortgage approval data are gross and may not fully capture lending activities of credit unions, caisses populaires, other smaller institutions and privately-insured loans.

Source: CMHC (NHA loan approval system and *Conventional Lending Survey*)

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 8

Ownership Rates, Canada, Provinces, Territories and Metropolitan Areas, 1971–2001 (per cent)[1]

	1971	1976	1981	1986	1991	1996	2001
Canada	60.3	61.8	62.1	62.1	62.6	63.6	65.8
Provinces and Territories							
Newfoundland and Labrador	80.0	80.6	80.6	80.1	78.6	77.1	78.2
Prince Edward Island	74.3	76.6	75.7	74.0	73.6	72.1	73.1
Nova Scotia	71.2	72.4	71.5	71.6	70.6	70.4	70.8
New Brunswick	69.4	71.8	73.4	74.2	74.1	73.8	74.5
Quebec	47.4	50.4	53.3	54.7	55.5	56.5	57.9
Ontario	62.9	63.6	63.3	63.6	63.7	64.3	67.8
Manitoba	66.1	66.4	65.8	65.5	65.8	66.4	67.8
Saskatchewan	72.7	75.5	72.9	70.1	69.9	68.8	70.8
Alberta	63.9	64.8	63.1	61.7	63.9	67.8	70.4
British Columbia	63.3	65.3	64.4	62.2	63.8	65.2	66.3
Yukon	50.2	49.3	52.7	55.7	57.6	58.5	63.0
Northwest Territories[2]	24.7	25.0	22.6	27.6	31.5	38.6	53.1
Nunavut[2]	NA	NA	NA	NA	NA	NA	24.2
Metropolitan Areas							
St. John's	66.6	68.9	69.5	68.3	67.1	67.5	69.5
Halifax	53.2	55.7	55.6	58.3	58.0	59.9	61.7
Saint John	52.0	56.8	59.6	61.6	63.4	65.6	67.4
Saguenay	55.5	60.3	62.0	61.5	60.9	60.8	62.3
Québec	43.8	46.6	50.9	52.9	53.6	54.9	55.5
Sherbrooke	43.9	48.0	49.4	50.1	49.2	50.2	51.9
Trois-Rivières	50.3	53.0	55.6	55.4	54.5	55.5	57.3
Montréal	35.5	38.4	41.9	44.7	46.7	48.5	50.2
Gatineau	58.6	59.7	59.1	59.2	59.8	61.5	62.4
Ottawa	50.1	50.1	51.4	50.0	54.4	58.2	61.4
Kingston	55.1	57.7	59.3	59.7	59.4	61.2	63.9
Oshawa	69.0	70.0	68.8	70.2	70.1	71.4	75.6
Toronto	55.4	56.7	57.3	58.3	57.9	58.4	63.2
Hamilton	63.9	63.8	63.4	64.6	64.6	65.2	68.3
St. Catharines-Niagara	72.2	72.9	71.6	72.0	71.4	70.7	73.2
Kitchener	60.8	60.4	60.8	61.9	61.5	62.4	66.7
London	60.1	59.5	58.0	57.8	57.6	60.0	62.8
Windsor	70.4	69.9	68.0	67.2	68.4	68.6	71.8
Greater Sudbury	57.6	62.2	64.3	64.4	63.8	62.6	65.8
Thunder Bay	73.6	72.0	69.4	69.0	68.4	69.7	71.9
Winnipeg	59.6	59.2	59.1	60.8	62.0	63.9	65.5
Regina	60.9	66.2	65.4	65.7	66.2	66.0	68.2
Saskatoon	61.3	65.7	61.8	59.9	61.0	61.4	65.0
Calgary	56.5	59.2	58.4	57.9	60.6	65.5	70.6
Edmonton	57.1	58.1	57.9	57.1	59.2	64.4	66.3
Abbotsford	74.7	75.5	72.2	70.4	72.6	71.5	71.1
Vancouver	58.8	59.4	58.5	56.3	57.5	59.4	61.0
Victoria	61.5	61.2	59.8	59.2	61.1	62.1	63.1

1 Ownership rates are computed as owners divided by total of all tenure types. Census Metropolitan Area data for 1971–1986 are based on 1986 CMA boundaries. All other data for Census Metropolitan Areas have not been adjusted for boundary changes.
2 In 1996 and prior years, the Northwest Territories included Nunavut.

Source: CMHC, adapted from Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 9

Rental Vacancy Rate, Canada, Provinces and Metropolitan Areas, 1996–2005 (per cent)[1]

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Canada	4.5	4.5	4.0	3.2	2.2	1.7	2.1	2.6	2.9	2.8
Provinces										
Newfoundland and Labrador	13.8	15.4	14.9	10.8	5.7	3.2	3.0	3.3	4.1	4.6
Prince Edward Island	4.9	4.9	7.0	5.4	3.3	2.7	2.8	3.7	4.2	4.4
Nova Scotia	8.6	8.3	5.9	4.2	4.2	3.3	3.0	2.6	3.0	3.4
New Brunswick	6.7	6.6	6.1	4.3	3.1	4.1	4.2	4.3	5.3	5.0
Quebec	6.0	6.3	5.3	3.8	2.2	1.3	1.2	1.3	1.7	2.0
Ontario	3.0	2.8	2.6	2.1	1.6	1.7	2.7	3.5	4.1	3.8
Manitoba	5.6	5.5	3.9	3.2	2.2	1.4	1.4	1.6	1.4	1.9
Saskatchewan	1.9	1.6	1.6	1.7	2.2	3.5	3.9	4.1	5.3	4.5
Alberta	4.8	2.7	1.4	2.4	1.3	1.1	2.3	3.7	4.6	3.1
British Columbia	2.8	3.4	5.0	5.0	3.6	2.6	3.1	3.1	2.4	1.9
Metropolitan Areas										
St. John's	15.4	16.6	15.4	9.2	3.8	2.5	2.7	2.0	3.1	4.5
Halifax	8.7	7.7	5.5	3.6	3.6	2.8	2.7	2.3	2.9	3.3
Saint John	9.1	8.2	7.3	5.2	3.4	5.6	6.3	5.2	5.8	5.7
Saguenay	5.4	4.1	4.8	4.9	4.4	4.4	4.9	5.2	5.3	4.5
Québec	6.5	6.6	5.2	3.3	1.6	0.8	0.3	0.5	1.1	1.4
Sherbrooke	6.6	7.5	7.3	7.6	4.7	2.3	1.8	0.7	0.9	1.2
Trois-Rivières	8.0	8.6	8.5	7.9	6.8	4.7	3.0	1.5	1.2	1.5
Montréal	5.7	5.9	4.7	3.0	1.5	0.6	0.7	1.0	1.5	2.0
Gatineau	7.7	9.4	6.7	4.4	1.4	0.6	0.5	1.2	2.1	3.1
Ottawa	4.9	4.2	2.1	0.7	0.2	0.8	1.9	2.9	3.9	3.3
Kingston	4.2	5.3	5.4	3.4	1.8	1.5	0.9	1.9	2.4	2.4
Oshawa	3.7	2.4	2.0	1.7	1.7	1.3	2.3	2.9	3.4	3.3
Toronto	1.2	0.8	0.8	0.9	0.6	0.9	2.5	3.8	4.3	3.7
Hamilton	2.2	3.1	3.2	1.9	1.7	1.3	1.6	3.0	3.4	4.3
St. Catharines-Niagara	5.6	5.4	4.6	3.2	2.6	1.9	2.4	2.7	2.6	2.7
Kitchener	1.8	1.9	1.5	1.0	0.7	0.9	2.3	3.2	3.5	3.3
London	6.0	5.1	4.5	3.5	2.2	1.6	2.0	2.1	3.7	4.2
Windsor	2.8	4.5	4.3	2.7	1.9	2.9	3.9	4.3	8.8	10.3
Greater Sudbury	6.8	7.2	9.4	11.1	7.7	5.7	5.1	3.6	2.6	1.6
Thunder Bay	5.6	7.7	9.3	7.5	5.8	5.8	4.7	3.3	5.0	4.6
Winnipeg	6.0	5.9	4.0	3.0	2.0	1.4	1.2	1.3	1.1	1.7
Regina	1.9	1.5	1.7	1.4	1.4	2.1	1.9	2.1	2.7	3.2
Saskatoon	0.7	0.9	0.8	0.9	1.7	2.9	3.7	4.5	6.3	4.6
Calgary	1.5	0.5	0.6	2.8	1.3	1.2	2.9	4.4	4.3	1.6
Edmonton	7.6	4.6	1.9	2.2	1.4	0.9	1.7	3.4	5.3	4.5
Abbotsford	6.0	5.1	7.4	6.7	3.7	2.4	2.0	2.5	2.8	3.8
Vancouver	1.1	1.7	2.7	2.7	1.4	1.0	1.4	2.0	1.3	1.4
Victoria	4.1	3.5	3.8	3.6	1.8	0.5	1.5	1.1	0.6	0.5
Average of Metropolitan Areas[2]	4.3	4.1	3.4	2.6	1.6	1.1	1.7	2.2	2.7	2.7

1 In privately initiated apartment structures with at least three units
2 Prior to 2002, Kingston and Abbotsford are not included in the average of metropolitan areas

Source: CMHC (*Rental Market Survey*)

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 10

Average Rent for Two-Bedroom Apartments, Canada, Provinces and Metropolitan Areas, 1996–2005 (dollars)[1]

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Canada[2]	593	597	616	628	647	672	693	703	719	731
Provinces										
Newfoundland and Labrador	526	524	490	489	510	530	538	563	571	578
Prince Edward Island	522	527	529	531	538	561	566	585	603	612
Nova Scotia	588	589	603	609	621	645	669	684	711	726
New Brunswick	490	499	503	510	515	530	543	556	576	586
Quebec	479	479	486	491	495	513	531	553	572	591
Ontario	725	726	761	785	829	863	883	886	898	903
Manitoba	559	561	566	574	581	596	612	633	650	669
Saskatchewan	477	494	507	522	529	546	554	564	572	577
Alberta	543	565	607	633	651	701	734	745	754	765
British Columbia	737	739	746	742	753	772	795	806	821	844
Metropolitan Areas										
St. John's	570	567	513	517	552	575	589	607	618	634
Halifax	617	616	631	637	648	673	704	720	747	762
Saint John	441	449	452	457	460	483	492	504	520	526
Saguenay	423	425	428	428	438	439	440	457	459	472
Québec	511	513	513	511	518	538	550	567	596	621
Sherbrooke	426	426	433	434	437	446	456	471	495	505
Trois-Rivières	405	406	411	403	413	419	431	436	457	474
Montréal	491	491	499	506	509	529	552	575	594	616
Gatineau	537	530	529	534	544	573	599	639	663	660
Ottawa	739	729	754	783	877	914	930	932	940	920
Kingston	654	643	653	658	679	709	727	768	785	807
Oshawa	700	691	726	745	778	799	819	845	852	855
Toronto	819	821	881	916	979	1,027	1,047	1,040	1,052	1,052
Hamilton	625	636	662	698	719	740	765	778	789	791
St. Catharines-Niagara	606	613	617	634	653	680	695	704	722	736
Kitchener	623	630	641	660	697	722	750	754	765	811
London	640	636	637	639	657	683	705	736	758	775
Windsor	682	680	680	696	736	738	769	776	776	780
Greater Sudbury	624	619	623	612	619	620	647	651	655	668
Thunder Bay	672	666	647	647	654	657	657	672	679	689
Winnipeg	567	568	574	582	588	605	622	645	664	683
Regina	494	512	525	547	549	568	581	589	602	607
Saskatoon	479	500	516	529	541	558	567	576	580	584
Calgary	595	635	707	739	740	783	804	804	806	808
Edmonton	518	525	551	576	601	654	709	722	730	732
Abbotsford	645	628	633	630	632	645	650	672	684	704
Vancouver	845	852	870	864	890	919	954	965	984	1,004
Victoria	717	724	722	728	731	751	771	789	799	837

1 In privately initiated apartment structures with at least three units
2 Only includes provincial data

Source: CMHC (*Rental Market Survey*)

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 11

Occupied Housing Stock by Structure Type and Tenure, Canada, 1991–2001 (dwelling units)

	1991				1996				2001			
	Owned	**Rented**	**Band**	**Total**	**Owned**	**Rented**	**Band**	**Total**	**Owned**	**Rented**	**Band**	**Total**
Total	6,273,030	3,718,520	26,715	10,018,270	6,877,780	3,905,145	37,125	10,820,050	7,610,390	3,907,170	45,415	11,562,975
Single-detached house	5,094,150	583,265	25,500	5,702,915	5,488,620	597,480	34,280	6,120,380	5,972,985	620,950	41,135	6,635,065
Semi-detached house	299,305	168,835	240	468,380	337,005	164,580	505	502,090	395,460	169,585	800	565,850
Row house	185,455	272,720	240	458,415	259,690	278,125	545	538,365	340,870	276,140	995	618,010
Apartment detached duplex	132,555	243,200	35	375,785	164,720	286,620	155	451,495	154,385	258,210	165	412,760
Apartment building that has five or more storeys	125,250	784,760	10	910,020	157,395	822,075	-	979,470	213,205	836,440	10	1,049,655
Apartment building that has fewer than five storeys	260,350	1,613,745	105	1,874,200	318,645	1,709,375	305	2,028,325	386,165	1,696,730	510	2,083,410
Other single-attached house	21,035	26,925	40	48,005	17,525	22,005	25	39,555	16,850	24,945	50	41,845
Movable dwelling	154,930	25,075	545	180,555	134,175	24,885	1,310	160,370	130,470	24,165	1,750	156,385

Source: Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 12

Dwelling Condition by Tenure and Period of Construction, Canada, 2001

Tenure and Period of Construction	Total Occupied Dwellings	Dwelling Condition: In Need of Regular Maintenance Only		In Need of Minor Repairs		In Need of Major Repairs	
		Number	Per Cent	Number	Per Cent	Number	Per Cent
Total	11,562,975	7,554,135	65.3	3,060,605	26.5	948,235	8.2
1945 or before	1,661,635	806,080	48.5	582,315	35.0	273,240	16.4
1946-1960	1,819,730	1,033,505	56.8	586,510	32.2	199,715	11.0
1961-1970	1,833,290	1,136,880	62.0	534,300	29.1	162,110	8.8
1971-1980	2,460,455	1,573,350	63.9	707,510	28.8	179,595	7.3
1981-1985	1,001,665	680,515	67.9	268,115	26.8	53,035	5.3
1986-1990	1,079,075	817,490	75.8	221,485	20.5	40,100	3.7
1991-1995	887,255	747,375	84.2	112,740	12.7	27,140	3.1
1996-2001	819,865	758,940	92.6	47,630	5.8	13,295	1.6
Owned	7,610,385	4,961,405	65.2	2,082,950	27.4	566,035	7.4
1945 or before	1,083,600	512,130	47.3	397,515	36.7	173,950	16.1
1946-1960	1,149,140	650,885	56.6	385,095	33.5	113,155	9.8
1961-1970	992,295	604,260	60.9	309,220	31.2	78,815	7.9
1971-1980	1,587,135	973,690	61.3	500,165	31.5	113,275	7.1
1981-1985	655,055	424,055	64.7	198,050	30.2	32,950	5.0
1986-1990	798,775	597,825	74.8	174,410	21.8	26,535	3.3
1991-1995	662,930	562,215	84.8	82,720	12.5	18,000	2.7
1996-2001	681,460	636,345	93.4	35,765	5.2	9,355	1.4
Rented	3,907,170	2,580,170	66.0	962,630	24.6	364,370	9.3
1945 or before	577,815	293,930	50.9	184,740	32.0	99,140	17.2
1946-1960	669,685	382,500	57.1	201,170	30.0	86,015	12.8
1961-1970	838,125	532,245	63.5	224,410	26.8	81,465	9.7
1971-1980	865,675	598,605	69.1	205,270	23.7	61,800	7.1
1981-1985	338,655	255,030	75.3	67,465	19.9	16,165	4.8
1986-1990	272,145	217,980	80.1	43,800	16.1	10,365	3.8
1991-1995	215,200	182,325	84.7	26,340	12.2	6,535	3.0
1996-2001	129,870	117,555	90.5	9,425	7.3	2,890	2.2
Band	45,420	12,560	27.7	15,025	33.1	17,825	39.2
1945 or before	225	25	11.1	55	24.4	150	66.7
1946-1960	905	120	13.3	240	26.5	545	60.2
1961-1970	2,875	375	13.0	670	23.3	1,825	63.5
1971-1980	7,650	1,055	13.8	2,075	27.1	4,520	59.1
1981-1985	7,955	1,430	18.0	2,595	32.6	3,925	49.3
1986-1990	8,150	1,685	20.7	3,265	40.1	3,200	39.3
1991-1995	9,125	2,840	31.1	3,675	40.3	2,610	28.6
1996-2001	8,530	5,040	59.1	2,445	28.7	1,050	12.3

Source: Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 13

Household Growth Summary, Canada, Provinces and Metropolitan Areas, 1996–2001

	1996	2001	Growth (per cent)	Avg. Annual Growth
Canada	10,820,050	11,562,975	6.9	148,585
Provinces				
Newfoundland and Labrador	185,495	189,045	1.9	710
Prince Edward Island	47,960	50,795	5.9	567
Nova Scotia	342,595	360,025	5.1	3,486
New Brunswick	271,155	283,820	4.7	2,533
Quebec	2,822,030	2,978,110	5.5	31,216
Ontario	3,924,510	4,219,410	7.5	58,980
Manitoba	419,385	432,550	3.1	2,633
Saskatchewan	372,820	379,675	1.8	1,371
Alberta	979,175	1,104,100	12.8	24,985
British Columbia	1,424,635	1,534,335	7.7	21,940
Metropolitan Areas				
St. John's	60,295	64,830	7.5	907
Halifax	131,520	144,435	9.8	2,583
Saint John	47,050	48,260	2.6	242
Saguenay	59,940	62,195	3.8	451
Québec	275,935	295,105	6.9	3,834
Sherbrooke	61,595	66,280	7.6	937
Trois-Rivières	57,665	59,580	3.3	383
Montréal	1,341,275	1,417,360	5.7	15,217
Ottawa-Gatineau	381,225	415,940	9.1	6,943
Kingston	55,390	58,330	5.3	588
Oshawa	93,710	104,200	11.2	2,098
Toronto	1,488,370	1,634,755	9.8	29,277
Hamilton	235,605	253,085	7.4	3,496
St. Catharines-Niagara	144,505	150,875	4.4	1,274
Kitchener	140,460	153,280	9.1	2,564
London	162,390	173,120	6.6	2,146
Windsor	108,475	117,710	8.5	1,847
Greater Sudbury	63,780	63,145	-1.0	-127
Thunder Bay	49,225	49,545	0.7	64
Winnipeg	261,915	269,985	3.1	1,614
Regina	74,695	76,655	2.6	392
Saskatoon	84,535	88,945	5.2	882
Calgary	305,305	356,375	16.7	10,214
Edmonton	320,065	356,515	11.4	7,290
Abbotsford	46,640	51,020	9.4	876
Vancouver	692,960	758,710	9.5	13,150
Victoria	129,350	135,600	4.8	1,250

Data for 1996 are based on 2001 Census Metropolitan Area boundaries. Between 1996 and 2001, CMA boundaries changed in Halifax, Sherbrooke, Ottawa-Gatineau, Kingston, London, Windsor, Sudbury and Thunder Bay.

Source: CMHC, adapted from Statistics Canada (Census of Canada) and Statistics Canada, *Profile of Canadian families and households: Diversification continues*, Catalogue no. 96F0030XIE2001003

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 14

Households by Type and Tenure, Canada, 1971–2001

	1971	1976	1981	1986	1991	1996	2001
Total Households							
All household types	6,034,505	7,166,095	8,281,535	8,991,670	10,018,265	10,820,050	11,562,975
Family households	4,928,130	5,633,945	6,231,485	6,634,995	7,235,230	7,685,470	8,155,560
One-family households	4,807,010	5,542,295	6,140,330	6,537,880	7,118,660	7,540,625	7,951,960
Couples with children	3,028,315	3,266,655	3,523,205	3,604,045	3,729,800	3,853,800	3,857,620
Couples without children	1,354,970	1,759,510	1,948,700	2,130,935	2,485,115	2,608,435	2,910,180
Lone parents	423,725	516,125	668,425	802,905	903,745	1,078,385	1,184,165
Multiple-family households	121,120	91,655	91,160	97,115	116,575	144,845	203,600
Non-family households	1,106,375	1,532,150	2,050,045	2,356,675	2,783,035	3,134,580	3,407,415
One person only	810,395	1,205,340	1,681,130	1,934,710	2,297,060	2,622,180	2,976,880
Two or more persons	295,980	326,810	368,915	421,965	485,975	512,400	430,535
Owners							
All household types	3,636,925	4,431,230	5,141,935	5,580,875	6,273,030	6,877,780	7,610,385
Family households	3,220,840	3,918,915	4,465,250	4,755,765	5,240,405	5,626,670	6,145,835
One-family households	3,124,275	3,842,355	4,390,265	4,677,435	5,145,490	5,511,500	5,985,695
Couples with children	2,095,895	2,488,795	2,807,650	2,868,915	2,975,720	3,083,980	3,148,020
Couples without children	820,960	1,106,650	1,267,930	1,445,650	1,765,205	1,954,540	2,239,700
Lone parents	207,420	246,910	314,685	362,870	404,565	472,980	597,970
Multiple-family households	96,560	76,560	74,985	78,330	94,910	115,170	160,140
Non-family households	416,085	512,320	676,690	825,110	1,032,630	1,251,110	1,464,555
One person only	299,805	391,475	539,200	668,270	848,310	1,050,520	1,307,170
Two or more persons	116,285	120,850	137,490	156,845	184,325	200,595	157,380
Renters							
All household types	2,397,580	2,734,860	3,139,595	3,368,485	3,718,525	3,905,145	3,907,170
Family households	1,707,290	1,715,035	1,766,240	1,845,340	1,972,740	2,028,420	1,972,310
One-family households	1,682,735	1,699,940	1,750,065	1,828,435	1,952,400	2,000,890	1,933,895
Couples with children	932,420	777,860	715,555	715,655	740,235	752,150	690,815
Couples without children	534,015	652,860	680,770	679,600	717,520	650,285	666,775
Lone parents	216,310	269,220	353,745	433,180	494,645	598,450	576,290
Multiple-family households	24,555	15,095	16,170	16,900	20,340	27,530	38,415
Non-family households	690,290	1,019,825	1,373,355	1,523,145	1,745,785	1,876,725	1,934,860
One person only	510,595	813,865	1,141,935	1,260,065	1,445,450	1,566,635	1,662,845
Two or more persons	179,695	205,960	231,425	263,085	300,330	310,095	272,015

Total household counts for 1986-2001 include households in on-reserve (1986) or band housing (1991, 1996, 2001) and are therefore larger than the sum of owners and renters.

Because of changes to the definition of census family, household-type data for 2001— except for one-person households — is not strictly comparable to data from earlier censuses.

Source: Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 15

Households by Age of Maintainer and Tenure, Canada, 1971–2001

	1971	1976	1981	1986	1991	1996	2001
Total Households							
15-24	413,570	584,270	674,825	535,945	466,225	437,460	447,165
25-34	1,262,315	1,678,965	2,036,370	2,124,040	2,219,995	2,045,210	1,792,025
35-44	1,250,530	1,339,425	1,589,410	1,971,475	2,363,020	2,630,170	2,747,615
45-54	1,172,285	1,305,650	1,370,800	1,412,515	1,666,415	2,102,365	2,509,625
55-64	955,825	1,079,005	1,215,890	1,327,005	1,379,945	1,434,725	1,659,775
65-74	627,395	763,350	905,740	1,021,305	1,168,255	1,280,605	1,324,885
75+	352,590	415,430	488,490	599,385	754,405	889,510	1,081,880
Total	6,034,505	7,166,095	8,281,535	8,991,670	10,018,265	10,820,050	11,562,975
Owners							
15-24	57,750	111,125	127,180	88,815	64,625	61,670	70,990
25-34	541,240	866,895	1,064,390	1,029,220	1,043,470	936,020	837,010
35-44	838,995	949,750	1,142,890	1,374,245	1,606,665	1,741,120	1,844,450
45-54	851,190	970,265	1,037,395	1,062,030	1,246,970	1,555,580	1,868,280
55-64	682,985	775,350	894,035	989,245	1,041,660	1,093,570	1,276,610
65-74	432,440	504,665	595,650	695,155	824,185	936,610	997,030
75+	232,330	253,190	280,405	342,175	445,450	553,210	716,015
Total	3,636,925	4,431,230	5,141,935	5,580,875	6,273,030	6,877,780	7,610,390
Renters							
15-24	355,820	473,150	547,645	443,735	399,360	372,805	373,060
25-34	721,070	812,075	971,985	1,083,920	1,168,780	1,098,795	943,670
35-44	411,535	389,670	446,520	588,310	750,085	879,555	890,540
45-54	321,095	335,390	333,405	343,705	415,175	540,525	633,160
55-64	272,845	303,655	321,860	332,095	335,185	337,020	378,015
65-74	194,955	258,685	310,095	321,750	342,100	341,440	324,590
75+	120,260	162,240	208,080	254,975	307,840	335,010	364,135
Total	2,397,580	2,734,860	3,139,595	3,368,485	3,718,525	3,905,145	3,907,170
Avg. Household Size	3.5	3.1	2.9	2.8	2.7	2.6	2.6

Total household counts for 1986-2001 include households in on-reserve (1986) or band housing (1991, 1996, 2001) and are therefore larger than the sum of owners and renters.

Source: Statistics Canada (Census of Canada)

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 16

Real Median Household Income After-Tax, Canada, Provinces and Metropolitan Areas, 1996–2004 (2004 constant dollars)

	1996	1997	1998	1999	2000	2001	2002	2003	2004
Canada	39,400	39,200	40,200	41,900	42,400	43,600	43,800	43,600	44,100
Provinces									
Newfoundland and Labrador	34,900	34,100	33,500	34,200	34,800	35,400	35,600	36,000	35,100
Prince Edward Island	36,800	34,800	34,800	34,400	35,200	35,500	37,000	38,200	37,200
Nova Scotia	34,600	34,000	34,900	37,000	37,200	38,400	37,400	36,900	38,900
New Brunswick	36,200	35,300	35,900	38,100	37,800	38,400	37,700	37,400	37,700
Quebec	34,800	34,100	34,500	36,300	36,700	37,500	38,200	38,300	38,400
Ontario	43,600	43,500	45,400	48,200	49,100	49,600	50,100	50,000	50,200
Manitoba	36,800	36,400	38,100	38,800	38,600	39,900	39,500	40,100	40,700
Saskatchewan	35,200	35,200	35,000	36,900	37,400	39,700	38,800	39,300	38,800
Alberta	42,200	43,800	44,800	46,200	47,400	51,000	50,600	49,700	52,600
British Columbia	41,200	40,900	41,900	41,800	41,200	42,200	42,400	42,500	43,300
Metropolitan Areas									
St. John's	40,800	39,700	40,000	39,800	42,400	44,000	39,000	39,700	39,300
Halifax	41,800	40,000	43,700	40,900	40,900	42,900	40,900	39,800	42,400
Saint John	44,700	42,300	41,300	39,000	39,900	41,800	40,900	40,800	42,700
Saguenay	37,600	36,200	34,400	37,400	39,100	37,800	36,600	34,600	35,600
Québec	37,400	35,800	36,800	40,100	39,500	38,900	43,500	41,700	42,000
Sherbrooke	24,400	25,000	25,700	26,600	30,000	29,500	34,600	37,100	37,800
Trois-Rivières	37,700	36,700	35,200	33,800	34,400	34,600	36,300	33,200	35,600
Montréal	33,700	33,700	34,400	36,000	37,000	38,900	39,900	41,000	40,800
Ottawa-Gatineau	41,200	41,800	43,700	47,400	51,100	50,000	52,800	52,400	55,300
Kingston	43,900	48,100	50,300	47,300	49,500	49,800	45,900	48,400	49,700
Oshawa	49,000	47,700	49,900	52,600	53,800	54,500	54,700	58,700	56,300
Toronto	47,400	47,800	50,400	53,700	54,800	56,700	54,600	55,400	54,600
Hamilton	49,000	48,900	49,400	54,200	55,000	55,600	55,600	54,500	54,000
St. Catharines-Niagara	40,800	42,400	43,100	46,000	46,100	49,400	50,800	51,700	50,600
Kitchener	47,300	46,900	47,100	47,600	47,600	50,800	48,600	49,100	50,000
London	41,700	39,200	42,800	44,400	45,100	46,000	44,400	43,700	44,500
Windsor	47,500	46,800	49,900	48,400	51,800	49,900	50,600	50,600	50,400
Greater Sudbury	36,300	37,300	38,600	42,200	44,900	42,900	41,900	40,500	41,000
Thunder Bay	48,800	48,400	51,600	48,700	47,900	51,600	45,600	47,100	48,700
Winnipeg	39,000	39,600	41,200	40,900	40,600	42,600	42,400	43,300	45,000
Regina	43,600	45,000	43,700	43,800	46,700	48,700	48,200	46,100	44,700
Saskatoon	38,200	37,200	37,000	38,200	38,600	40,900	41,700	43,800	41,900
Calgary	44,100	46,700	48,700	47,900	51,400	55,900	56,000	52,200	56,700
Edmonton	44,700	43,600	44,800	47,500	48,300	52,900	49,800	52,800	52,800
Abbotsford	40,500	42,300	41,700	43,400	39,500	42,800	41,200	39,700	40,600
Vancouver	42,900	42,000	45,500	43,900	45,100	45,400	45,500	47,100	46,000
Victoria	38,900	39,900	39,200	37,800	37,500	41,100	42,700	41,000	42,400

All data are rounded to the nearest $100.

Source: Statistics Canada (Survey of Labour and Income Dynamics)

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 17

Home Equity and Net Worth by Tenure and Age Group, Canada, 1999 (dollars)

Home Equity[1]

Age Group[3]	Renters[2] Median	Renters[2] Mean	Owned with a Mortgage Median	Owned with a Mortgage Mean	Owned without a Mortgage Median	Owned without a Mortgage Mean	All Owners Median	All Owners Mean	All Households Median	All Households Mean
Under 25 years	0	0	30,000	61,000	140,000	242,000	75,000	129,000	0	22,000
25-34 years	0	0	30,000	45,000	110,000	139,000	35,000	58,000	0	28,000
35-44 years	0	0	50,000	68,000	116,000	153,000	60,000	88,000	30,000	57,000
45-54 years	0	0	69,000	93,000	130,000	164,000	95,000	122,000	60,000	90,000
55-64 years	0	0	77,000	93,000	130,000	160,000	100,000	137,000	80,000	104,000
65 years and over	0	0	68,000	89,000	120,000	139,000	110,000	134,000	74,000	91,000
All ages	0	0	50,000	72,000	125,000	151,000	80,000	109,000	35,000	69,000

Household Net Worth[4]

Age Group	Renters Median	Renters Mean	Owned with a Mortgage Median	Owned with a Mortgage Mean	Owned without a Mortgage Median	Owned without a Mortgage Mean	All Owners Median	All Owners Mean	All Households Median	All Households Mean
Under 25 years	3,000	9,000	52,000	170,000	243,000	499,000	137,000	293,000	6,000	58,000
25-34 years	10,000	40,000	85,000	134,000	259,000	343,000	94,000	162,000	41,000	98,000
35-44 years	16,000	59,000	140,000	222,000	296,000	458,000	162,000	276,000	107,000	202,000
45-54 years	24,000	82,000	223,000	326,000	387,000	601,000	285,000	438,000	198,000	344,000
55-64 years	24,000	84,000	278,000	405,000	478,000	678,000	421,000	582,000	283,000	462,000
65 years and over	40,000	117,000	242,000	364,000	310,000	447,000	306,000	439,000	216,000	337,000
All ages	14,000	64,000	149,000	251,000	352,000	525,000	226,000	377,000	124,000	263,000

Real Change in Household Net Worth[5], Canada, 1984-1999 (per cent)

Age Group	Renters Median	Renters Mean	Owned with a Mortgage Median	Owned with a Mortgage Mean	Owned without a Mortgage Median	Owned without a Mortgage Mean	All Owners Median	All Owners Mean	All Households Median	All Households Mean
Under 25 years	-99.9	-67.8	NA	NA	NA	NA	65.0	101.7	-89.4	12.9
25-34 years	-65.7	62.4	-4.5	-6.2	42.3	34.3	-14.7	-5.9	-26.2	0.6
35-44 years	-43.9	32.1	-2.8	12.5	46.9	42.5	0.9	15.6	-15.7	11.0
45-54 years	-22.3	6.9	-8.5	5.4	37.0	51.7	11.9	24.6	-7.9	20.7
55-64 years	-67.8	-23.0	-1.6	3.8	59.8	69.2	34.0	47.5	17.9	44.0
65 years and over	2.4	12.8	6.3	2.4	48.8	44.1	44.5	39.9	51.5	45.8
All ages	-41.4	27.6	3.3	12.8	45.7	52.0	20.7	32.4	10.7	36.0

All dollar figures are rounded to the nearest $1,000.

1 Home equity is the value of the principal residence less any outstanding mortgages.
2 Includes households occupying their homes rent free.
3 Age of the highest income earner in the household. Where owners and renters are both present, refers to the owner with the highest income.
4 Includes the value of employer pension plan benefits. Net worth is the difference between a household's assets and its liabilities.
5 Excludes the value of employer pension plan benefits.

Source: CMHC, adapted from Statistics Canada (Survey of Financial Security - 1999 data; Assets and Debts Survey - 1984 data)

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 18

Households in Core Housing Need, Canada, Provinces, Territories and Metropolitan Areas, 1991–2001

	1991		1996		2001	
	Households in Core Housing Need (000's)	Incidence of Core Housing Need (%)	Households in Core Housing Need (000's)	Incidence of Core Housing Need (%)	Households in Core Housing Need (000's)	Incidence of Core Housing Need (%)
Canada[1]	1,270.0	13.6	1,567.2	15.6	1,485.3	13.7
Newfoundland and Labrador	24.6	14.5	26.3	14.8	26.6	14.6
Prince Edward Island	5.6	13.4	6.1	13.4	6.2	12.9
Nova Scotia	42.1	13.6	48.1	14.9	51.6	15.2
New Brunswick	39.4	16.2	34.7	13.6	30.0	11.2
Quebec[1]	360.0	14.5	426.7	16.3	352.4	12.5
Ontario	408.0	11.9	594.3	16.1	599.7	15.1
Manitoba	50.5	13.9	55.0	14.7	45.4	11.6
Saskatchewan	45.4	14.9	39.7	12.6	37.2	11.5
Alberta	105.8	12.8	100.8	11.3	106.3	10.5
British Columbia	182.5	15.6	229.0	17.4	223.7	15.8
Yukon	1.5	16.3	2.0	19.2	1.6	15.8
Northwest Territories	4.5	28.9	4.7	25.4	2.1	17.4
Nunavut	NA	NA	NA	NA	2.7	38.8
Census Metropolitan Areas[2]	852.6	14.4	1,063.3	16.7	1,033.4	14.7
St. John's	7.6	14.2	8.6	15.0	8.4	13.5
Halifax	16.4	14.4	20.1	16.6	22.4	16.3
Saint John	6.1	14.0	6.4	14.3	5.2	11.2
Saguenay	5.7	10.6	7.4	13.3	6.6	11.2
Québec	32.9	13.6	40.0	15.3	34.6	12.3
Sherbrooke	8.0	15.2	9.2	16.2	7.6	12.0
Trois-Rivières	7.7	15.0	8.8	16.3	7.3	12.9
Montréal	200.3	17.1	238.3	19.0	189.0	14.1
Ottawa-Gatineau	37.8	11.3	54.9	15.0	54.5	13.7
Gatineau	8.8	11.0	12.7	14.3	10.9	11.0
Ottawa	29.0	11.4	42.2	15.2	43.6	14.5
Kingston[3]	5.5	11.2	8.0	15.5	8.3	15.0
Oshawa	8.6	10.8	11.8	13.1	12.0	12.0
Toronto	176.3	13.5	269.7	19.3	295.5	19.1
Hamilton	22.9	10.8	33.6	15.0	33.0	13.7
St. Catharines-Niagara	14.0	10.8	19.8	14.5	18.5	12.9
Kitchener	12.7	10.3	18.2	13.5	17.2	11.6
London	16.5	11.9	23.1	15.7	21.6	13.2
Windsor	11.2	12.1	13.9	13.9	14.4	12.8
Greater Sudbury	6.5	11.8	9.0	15.2	7.4	12.4
Thunder Bay	4.9	10.9	6.2	13.2	5.6	11.9
Winnipeg	35.4	14.6	38.0	15.3	28.1	10.8
Regina	10.1	14.8	8.6	12.2	7.4	10.1
Saskatoon	13.3	17.7	10.6	13.4	9.0	10.7
Calgary	32.0	12.1	32.3	11.1	38.3	11.2
Edmonton	36.5	12.6	33.3	11.0	36.7	10.9
Abbotsford[3]	4.0	10.9	6.2	14.3	5.5	11.5
Vancouver	111.1	19.1	122.4	19.0	122.3	17.3
Victoria	18.1	15.9	19.2	15.7	17.1	13.4

1 Estimates of core housing need in the Nunavik region of Quebec have been updated based on revised information on housing costs and core need income thresholds in this non-market area. As a result, small adjustments have been made to the 2001 estimates of core housing need presented for Quebec and Canada in this table.

2 A Census Metropolitan Area (CMA) is an area consisting of one or more adjacent municipalities situated around a major urban core with a population of at least 100,000. The CMA total represents all the CMAs in Canada at the time of each census. Note that it is adjusted neither for changes in CMA boundaries nor for changes in the number of CMAs between census years.

3 Kingston and Abbotsford were not CMAs in 1991 and 1996 and therefore their data are not included in the CMA total for these years.

These data, from the Census of Canada, apply to all non-farm, non-band, non-reserve private households reporting positive incomes and shelter cost-to-income ratios less than 100 per cent.

Income data collected by the Census of Canada refer to the calendar year preceding the census, while shelter cost data give expenses for the current year. Shelter-cost-to-income ratios are computed directly from these data, that is, by comparing current shelter costs to incomes from the previous year.

Acceptable housing is defined as adequate and suitable shelter that can be obtained without spending 30 per cent or more of before-tax household income. Adequate shelter is housing that is not in need of major repair. Suitable shelter is housing that is not crowded, meaning that it has sufficient bedrooms for the size and make-up of the occupying household. The subset of households classified as unable to access acceptable housing is considered to be in core housing need.

Source: CMHC (census-based housing indicators and data)

For additional data, please refer to the CMHC web site: www.cmhc.ca

TABLE 19

Characteristics of Households in Core Housing Need, Canada, 2001

	All Households		Renters		Owners	
	Households in Core Housing Need (000's)	Incidence of Core Housing Need (%)	Households in Core Housing Need (000's)	Incidence of Core Housing Need (%)	Households in Core Housing Need (000's)	Incidence of Core Housing Need (%)
All Households	1,485.3	13.7	1,011.5	28.3	473.8	6.6
Components:						
Below Affordability Standard Only	*1,069.4*	*9.9*	*731.7*	*20.5*	*337.7*	*4.7*
Below Suitability Standard Only	*73.6*	*0.7*	*58.3*	*1.6*	*15.3*	*0.2*
Below Adequacy Standard Only	*74.5*	*0.7*	*25.2*	*0.7*	*49.3*	*0.7*
Below Multiple Housing Standards	*267.8*	*2.5*	*196.4*	*5.5*	*71.5*	*1.0*
Household Type						
Senior-led	393.2	16.9	243.9	36.2	149.3	9.0
Family	78.1	6.1	33.7	17.0	44.4	4.1
Non-Family	315.1	29.8	210.1	44.2	105.0	18.0
Individuals Living Alone	310.1	30.7	207.3	45.0	102.8	18.7
Female	248.6	32.9	166.9	47.4	81.6	20.3
Male	61.5	24.0	40.4	37.1	21.2	14.4
Non-Senior-led	1,092.1	12.9	767.6	26.4	324.5	5.8
Family	676.4	10.5	437.7	26.7	238.7	5.0
Couples with Children	257.1	7.4	140.7	22.5	116.3	4.1
Couples without Children	110.2	6.0	64.4	13.0	45.8	3.4
Lone Parent Families	294.3	31.8	224.7	46.3	69.6	15.8
Female	264.2	35.0	205.0	49.1	59.2	17.6
Male	30.2	17.6	19.7	29.2	10.5	10.0
Non-Family	415.7	20.3	329.9	26.1	85.8	11.0
Individuals Living Alone	368.5	21.7	291.8	28.3	76.7	11.5
Female	187.3	23.9	145.5	30.7	41.8	13.5
Male	181.1	19.9	146.3	26.3	34.9	9.8
Individuals Sharing with Others	47.2	13.4	38.1	16.2	9.1	7.8
Aboriginal Status						
Non-Aboriginal Household	1,414.1	13.5	955.3	27.9	458.8	6.5
Aboriginal Household	71.3	24.0	56.2	37.7	15.1	10.2
Status Indian	35.7	28.0	29.6	40.8	6.1	11.1
Non-Status Indian	13.6	23.7	10.5	36.7	3.1	10.7
Métis	24.7	19.2	18.1	33.3	6.6	8.9
Inuit	4.7	35.8	3.8	43.3	0.9	20.3
Period of Immigration						
Non-immigrants	1,045.7	12.4	726.3	26.1	319.4	5.6
Immigrants	425.6	18.3	272.6	36.0	153.0	9.8
Prior to 1976	162.2	13.3	84.2	33.3	78.0	8.0
1976 - 1985	59.3	16.5	37.6	32.5	21.7	8.9
1986 - 1990	52.3	21.5	36.1	35.4	16.2	11.4
1991 - 1995	70.7	26.2	48.9	36.6	21.8	16.0
1996 - 2001	81.1	36.0	65.8	43.1	15.3	21.2

Estimates of core housing need in the Nunavik region of Quebec have been updated based on revised information on housing costs and core need income thresholds in this non-market area. As a result, small adjustments have been made to the 2001 estimates of core housing need presented for Canada in this table.

These data, from the Census of Canada, apply to all non-farm, non-band, non-reserve private households reporting positive incomes and shelter cost-to-income ratios less than 100 per cent.

Income data collected by the Census of Canada refer to the calendar year preceding the census, while shelter cost data give expenses for the current year. Shelter-cost-to-income ratios are computed directly from these data, that is, by comparing current shelter costs to incomes from the previous year.

Acceptable housing is defined as adequate and suitable shelter that can be obtained without spending 30 per cent or more of before-tax household income. Adequate shelter is housing that is not in need of major repair. Suitable shelter is housing that is not crowded, meaning that it has sufficient bedrooms for the size and make-up of the occupying household. The subset of households classified as unable to access acceptable housing is considered to be in core housing need.

** Estimates of households in core housing need are presented for a specific group (example: renters) where there is a total of at least 100 households in need in the group. All estimates, being derived from data provided by the 1 in 5 sample of households that receive the census long questionnaire, are subject to sampling error.

Source: CMHC (census-based housing indicators and data)

For additional data, please refer to the CMHC web site: www.cmhc.ca

Visit CMHC's website for easy access to timely, comprehensive data on Canadian housing

The analysis provided in the *2006 Canadian Housing Observer* is backed by a substantial collection of on-line housing data resources that bring a broad range of statistical information together to provide a comprehensive overview of Canadian housing conditions.

Information covering Canada's provinces, territories and major metropolitan housing markets is available on a variety of topics of interest, including the housing stock, demographic and socio-economic influences on housing demand, current housing market developments, housing finance, housing affordability and core housing need.

Visit CMHC's home page at www.cmhc.ca and follow the link to the *2006 Canadian Housing Observer*.

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